UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2023

OR

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

For transition period from to

Commission File Number 001-36773

WORKIVA INC.

(Exact name of registrant as specified in its charter)

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

2900 University Blvd
Ames, IA 50010
(888) 275-3125
(Address of principal executive offices and zip code)
(888) 275-3125
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A common stock, par value $.001	**WK**	**New York Stock Exchange**

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

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

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

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

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

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

As of July 28, 2023, there were approximately 49,819,028 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, 2022, in "Item 1A. Risk Factors" in Part II of this Quarterly Report on Form 10-Q and in any subsequent filing we make with the SEC, as well as in any documents incorporated by reference that describe risks and factors that could cause results to differ materially from those projected in these forward-looking statements.

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

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

Part I. Financial Information

Item 1. Financial Statements

WORKIVA INC.

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

	As of June 30, 2023 (unaudited)	As of December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 198,939	$ 240,197
Marketable securities	267,312	190,595
Accounts receivable, net of allowance for doubtful accounts of $796 and $744 at June 30, 2023 and December 31, 2022, respectively	84,272	106,316
Deferred costs	38,471	38,350
Other receivables	5,472	6,674
Prepaid expenses and other	25,419	17,957
Total current assets	619,885	600,089
Property and equipment, net	25,380	27,096
Operating lease right-of-use assets	11,493	13,932
Deferred costs, non-current	30,810	33,682
Goodwill	111,154	109,740
Intangible assets, net	25,643	28,234
Other assets	6,430	6,847
Total assets	$ 830,795	$ 819,620

WORKIVA INC.

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

	As of June 30, 2023 (unaudited)	As of December 31, 2022
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 5,312	$ 6,174
Accrued expenses and other current liabilities	91,118	83,999
Deferred revenue	327,365	316,263
Finance lease obligations	518	504
Total current liabilities	424,313	406,940
Convertible senior notes, non-current	340,907	340,257
Deferred revenue, non-current	39,822	38,237
Other long-term liabilities	1,527	1,518
Operating lease liabilities, non-current	9,749	12,102
Finance lease obligations, non-current	14,320	14,583
Total liabilities	830,638	813,637
Stockholders' equity		
Class A common stock, $0.001 par value per share, 1,000,000,000 shares authorized, 49,687,878 and 48,761,804 shares issued and outstanding at June 30, 2023 and December 31, 2022, respectively	50	49
Class B common stock, $0.001 par value per share, 500,000,000 shares authorized, 3,845,583 and 3,890,583 shares issued and outstanding at June 30, 2023 and December 31, 2022, 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	595,693	537,732
Accumulated deficit	(592,176)	(525,116)
Accumulated other comprehensive loss	(3,414)	(6,686)
Total stockholders' equity	157	5,983
Total liabilities and stockholders' equity	$ 830,795	$ 819,620

See accompanying notes.

WORKIVA INC.

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

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Revenue				
Subscription and support	$ 136,772	$ 113,353	$ 266,436	$ 220,473
Professional services	18,250	18,196	38,775	40,750
Total revenue	155,022	131,549	305,211	261,223
Cost of revenue				
Subscription and support	25,083	18,915	49,216	37,448
Professional services	14,421	13,322	28,806	25,662
Total cost of revenue	39,504	32,237	78,022	63,110
Gross profit	115,518	99,312	227,189	198,113
Operating expenses				
Research and development	42,697	39,177	88,488	75,061
Sales and marketing	71,882	64,219	142,592	120,319
General and administrative	23,627	24,108	65,638	48,102
Total operating expenses	138,206	127,504	296,718	243,482
Loss from operations	(22,688)	(28,192)	(69,529)	(45,369)
Interest income	4,535	605	8,252	885
Interest expense	(1,499)	(1,512)	(3,000)	(3,030)
Other (expense) income, net	(439)	668	(1,379)	503
Loss before provision for income taxes	(20,091)	(28,431)	(65,656)	(47,011)
Provision for income taxes	819	430	1,404	343
Net loss	$ (20,910)	$ (28,861)	$ (67,060)	$ (47,354)
Net loss per common share:				
Basic and diluted	$ (0.39)	$ (0.55)	$ (1.25)	$ (0.90)
Weighted-average common shares outstanding - basic and diluted	54,009,963	52,850,470	53,850,986	52,724,051

See accompanying notes.

WORKIVA INC.

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

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Net loss	$ (20,910)	$ (28,861)	$ (67,060)	$ (47,354)
Other comprehensive (loss) income				
Foreign currency translation adjustment	308	(6,172)	2,009	(6,088)
Unrealized (loss) gain on available-for-sale securities	(316)	(554)	1,263	(2,414)
Other comprehensive (loss) income	(8)	(6,726)	3,272	(8,502)
Comprehensive loss	$ (20,918)	$ (35,587)	$ (63,788)	$ (55,856)

See accompanying notes.

WORKIVA INC.

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

	Six Months Ended June 30, 2023					
	Common Stock (Class A and B)					
	Shares	Amount	Additional Paid-in-Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
Balances at December 31, 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

WORKIVA INC.

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

Six Months Ended June 30, 2022

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

See accompanying notes.

WORKIVA INC.

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

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Cash flows from operating activities				
Net loss	$ (20,910)	$ (28,861)	$ (67,060)	$ (47,354)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization	2,867	2,725	5,667	4,684
Stock-based compensation expense	20,610	18,447	58,652	33,756
(Recovery of) provision for doubtful accounts	(57)	20	49	(9)
Realized loss on sale of available-for-sale securities, net	147	—	708	—
(Accretion) amortization of premiums and discounts on marketable securities, net	(1,572)	453	(2,600)	1,113
Amortization of issuance costs and debt discount	325	324	650	648
Deferred income tax	7	63	(3)	(148)
Changes in assets and liabilities:				
Accounts receivable	(6,886)	(4,844)	22,477	1,737
Deferred costs	1,362	(2,734)	3,132	(1,290)
Operating lease right-of-use asset	1,268	1,307	2,563	2,608
Other receivables	(381)	385	(286)	565
Prepaid expenses and other	(1,705)	(1,591)	(7,437)	(2,723)
Other assets	510	12	436	35
Accounts payable	(1,088)	(2,300)	(881)	2,064
Deferred revenue	21,060	13,192	11,105	13,798
Operating lease liability	(1,207)	(1,302)	(2,379)	(2,644)
Accrued expenses and other liabilities	11,629	13,388	6,749	907
Net cash provided by operating activities	25,979	8,684	31,542	7,747
Cash flows from investing activities				
Purchase of property and equipment	(639)	(671)	(837)	(1,203)
Purchase of marketable securities	(51,204)	(23,798)	(177,019)	(57,946)
Sale of marketable securities	21,339	—	65,052	14,981
Maturities of marketable securities	8,000	40,536	39,905	66,786
Acquisitions, net of cash acquired	—	(99,186)	—	(99,186)
Purchase of intangible assets	(40)	(6)	(119)	(46)
Net cash used in investing activities	(22,544)	(83,125)	(73,018)	(76,614)

WORKIVA INC.

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

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Cash flows from financing activities				
Proceeds from option exercises	747	1,145	2,204	1,970
Taxes paid related to net share settlements of stock-based compensation awards	(1,212)	(1,344)	(8,440)	(9,914)
Proceeds from shares issued in connection with employee stock purchase plan	—	—	5,546	5,218
Principal payments on finance lease obligations	(125)	(446)	(249)	(888)
Net cash used in financing activities	(590)	(645)	(939)	(3,614)
Effect of foreign exchange rates on cash	609	(1,737)	1,157	(1,652)
Net increase (decrease) in cash and cash equivalents	3,454	(76,823)	(41,258)	(74,133)
Cash and cash equivalents at beginning of period	195,485	303,076	240,197	300,386
Cash and cash equivalents at end of period	$ 198,939	$ 226,253	$ 198,939	$ 226,253
Supplemental cash flow disclosure				
Cash paid for interest	$ 204	$ 218	$ 2,350	$ 2,383
Cash paid for income taxes, net of refunds	$ 1,198	$ 438	$ 1,521	$ 628

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") is on a mission to power transparent reporting for a better world. We believe that consumers, employees, shareholders, and other stakeholders today expect more from business – more action, transparency, and disclosure of financial and non-financial information. We build solutions to meet that demand and streamline processes, connect data and teams, and ensure consistency – all within the Workiva platform, the world's leading cloud platform for assured integrated reporting. 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, 2022 was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP. In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, consisting primarily of normal recurring accruals, necessary for a fair presentation of our financial position and results of operations. The operating results for the three and six months ended June 30, 2023 are not necessarily indicative of the results expected for the full year ending December 31, 2023.

Seasonality affects our revenue, expenses and cash flows from operations. Revenue from professional services has been higher in the first quarter as many of our customers file their 10-K in the first calendar quarter. Our sales and marketing expense also has some degree of seasonality. With the exception of September 2020 and September 2021 when we transitioned to a virtual event, sales and marketing expense has 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. 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, 2022 filed with the SEC on February 21, 2023.

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

None.

2. Supplemental Consolidated Balance Sheet Information

Accrued Expenses and Other Current Liabilities

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

	As of June 30, 2023	As of December 31, 2022
Accrued vacation	$ 16,196	$ 12,939
Accrued commissions	8,508	10,841
Accrued bonuses	14,668	5,597
Accrued payroll	4,190	5,318
Estimated health insurance claims	1,939	1,841
Accrued interest	1,455	1,455
ESPP employee contributions	7,075	5,661
Customer deposits	23,431	25,520
Operating lease liabilities	5,073	5,720
Accrued other liabilities	8,583	9,107
	$ 91,118	$ 83,999

3. Cash Equivalents and Marketable Securities

At June 30, 2023, cash equivalents and marketable securities consisted of the following (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Aggregate Fair Value
Money market funds	$ 130,774	$ —	$ —	$ 130,774
Commercial paper	78,820	—	—	78,820
U.S. treasury debt securities	53,749	—	(353)	53,396
U.S. government agency debt securities	22,088	—	(58)	22,030
Corporate debt securities	115,026	23	(961)	114,088
Foreign government debt securities	996	—	(18)	978
	$ 401,453	$ 23	$ (1,390)	$ 400,086
Included in cash and cash equivalents	$ 132,774	$ —	$ —	$ 132,774
Included in marketable securities	$ 268,679	$ 23	$ (1,390)	$ 267,312

At December 31, 2022, cash equivalents and marketable securities consisted of the following (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Aggregate Fair Value
Money market funds	$ 182,878	$ —	$ —	$ 182,878
U.S. treasury debt securities	72,151	1	(899)	71,253
Corporate debt securities	120,081	62	(1,771)	118,372
Foreign government debt securities	993	—	(23)	970
	$ 376,103	$ 63	$ (2,693)	$ 373,473
Included in cash and cash equivalents	$ 182,878	$ —	$ —	$ 182,878
Included in marketable securities	$ 193,225	$ 63	$ (2,693)	$ 190,595

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

	As of June 30, 2023
Due within one year	$ 204,212
Due in one to two years	63,100
	$ 267,312

The following table presents gross unrealized losses and fair values for those cash equivalents and marketable securities that were in an unrealized loss position as of June 30, 2023, aggregated by investment category and the length of time that individual securities have been in a continuous loss position (in thousands):

	As of June 30, 2023			
	Less than 12 months		12 months or greater	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. treasury debt securities	$ 45,910	$ (291)	$ 6,486	$ (62)
U.S. government agency debt securities	22,030	(58)	—	—
Corporate debt securities	73,616	(493)	33,255	(468)
Foreign government debt securities	—	—	978	(18)
Total	$ 141,556	$ (842)	$ 40,719	$ (548)

We do not believe the unrealized losses represent credit losses based on our evaluation of available evidence as of June 30, 2023, which includes an assessment of whether it is more likely than not we will be required to sell the investment before recovery of the investment's amortized cost basis.

4. Fair Value Measurements

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

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

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

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

Financial Assets

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

When available, our marketable securities are valued using quoted prices for identical instruments in active markets. If we are unable to value our marketable securities using quoted prices for identical instruments in active markets, we value our investments using broker reports that utilize quoted market prices for comparable instruments. We validate, on a sample basis, the derived prices provided by the brokers by comparing their assessment of the fair values of our investments against the fair values of the portfolio balances of another third-party professional pricing service. As of June 30, 2023, all of our marketable securities were valued using quoted prices for comparable instruments in active markets and are classified as Level 2.

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

	Fair Value Measurements as of June 30, 2023			Fair Value Measurements as of December 31, 2022		
Description	**Total**	**Level 1**	**Level 2**	**Total**	**Level 1**	**Level 2**
Money market funds	$ 130,774	$ 130,774	$ —	$ 182,878	$ 182,878	$ —
Commercial paper	78,820	—	78,820	—	—	—
U.S. treasury debt securities	53,396	—	53,396	71,253	—	71,253
U.S. government agency debt securities	22,030	—	22,030	—	—	—
Corporate debt securities	114,088	—	114,088	118,372	—	118,372
Foreign government debt securities	978	—	978	970	—	970
	$ 400,086	$ 130,774	$ 269,312	$ 373,473	$ 182,878	$ 190,595
Included in cash and cash equivalents	$ 132,774			$ 182,878		
Included in marketable securities	$ 267,312			$ 190,595		

Convertible Senior Notes

As of June 30, 2023, the fair value of our convertible senior notes was $484.7 million. The fair value was determined based on the quoted price of the convertible senior notes in an over-the-counter market on the last trading day of the reporting period and has been classified as Level 2 in the fair value hierarchy. See Note 5 to the condensed consolidated financial statements for more information.

5. Convertible Senior Notes

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

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

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

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

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

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

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

During the second quarter of 2023 none of the conversion conditions were met and therefore the Notes are not convertible at the option of the holders. As a result, the Notes were classified as non-current liabilities on the condensed consolidated balance sheet as of June 30, 2023.

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% over the term of the notes. As of June 30, 2023 the if-converted value of the Notes exceeded the principal amount by $92.5 million.

As of June 30, 2023, the remaining life of the Notes is approximately 3.2 years.

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

	As of	
	June 30, 2023	December 31, 2022
Principal	$ 345,000	$ 345,000
Unamortized issuance costs	(4,093)	(4,743)
Net carrying amount	$ 340,907	$ 340,257

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

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Contractual interest expense	$ 970	$ 970	$ 1,940	$ 1,940
Amortization of issuance costs	325	324	650	648
Total interest expense	$ 1,295	$ 1,294	$ 2,590	$ 2,588

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”).

Stock-Based Compensation Expense

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

	Three months ended June 30,				Six months ended June 30,			
	2023		2022		2023		2022	
Cost of revenue								
Subscription and support	$	1,413	$	912	$	2,485	$	1,702
Professional services		667		593		1,300		1,045
Operating expenses								
Research and development		4,825		3,148		9,522		5,873
Sales and marketing		6,703		5,646		13,661		9,731
General and administrative		7,002		8,148		31,684		15,405
Total	$	20,610	$	18,447	$	58,652	$	33,756

During the first six months of 2023, we recognized an additional $18.1 million in stock-based compensation pursuant to certain transition agreements with former executives who retired during the period.

Stock Options

The following table summarizes the option activity under the Plans for the six months ended June 30, 2023:

	Options		Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)
Outstanding at December 31, 2022	1,509,172	$	14.57	3.2
Granted	—		—	
Forfeited	(10)		13.60	
Expired	—		—	
Exercised	(150,046)		14.69	
Outstanding at June 30, 2023	1,359,116	$	14.56	2.7
Exercisable at June 30, 2023	1,359,116	$	14.56	2.7

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 six months ended June 30, 2023:

	Number of Shares		Weighted-Average Grant Date Fair Value
Unvested at December 31, 2022	1,921,927	$	93.80
Granted	996,365		93.10
Forfeited	(71,375)		91.54
Vested[(1)]	(585,175)		85.35
Unvested at June 30, 2023	2,261,742	$	95.51

(1) During the six months ended June 30, 2023, in accordance with our Nonqualified Deferred Compensation Plan, recipients elected to defer settlement of 2,925 shares of their vested restricted stock units and 132,518 shares were released from deferral.

Employee Stock Purchase Plan

During the six months ended June 30, 2023, 107,125 shares of common stock were purchased under the ESPP at a weighted-average price of $51.77 per share, resulting in cash proceeds of $5.5 million.

Compensation expense associated with ESPP purchase rights is recognized on a straight-line basis over the vesting period. At June 30, 2023, there was approximately $0.2 million of total unrecognized compensation expense related to the ESPP, which is expected to be recognized over a weighted-average period of 14 days.

8. Revenue Recognition

Disaggregation of Revenue

Revenues by industry are derived from leading software providers. The following table presents our revenues disaggregated by industry (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Industrials	$ 23,273	$ 19,018	$ 45,133	$ 37,588
Diversified financials	22,566	17,265	43,989	34,392
Information technology	17,263	15,498	33,884	30,135
Banks	15,101	13,087	30,622	26,072
Consumer discretionary	14,933	12,628	29,309	24,846
Healthcare	13,432	11,832	26,400	23,457
Insurance	9,342	7,745	18,305	15,522
Energy	6,703	5,846	13,301	11,592
Real estate	6,479	5,928	13,165	12,004
Materials	5,668	5,159	11,539	10,833
Utilities	5,774	5,457	11,311	11,417
Public administration	4,527	3,794	8,868	7,196
Consumer staples	4,542	4,148	8,988	8,208
Other	5,419	4,144	10,397	7,961
Total revenues	$ 155,022	$ 131,549	$ 305,211	$ 261,223

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

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Subscription and support	$ 136,772	$ 113,353	$ 266,436	$ 220,473
XBRL professional services	14,431	13,517	31,164	31,210
Other services	3,819	4,679	7,611	9,540
Total revenues	$ 155,022	$ 131,549	$ 305,211	$ 261,223

Deferred Revenue

We recognized $122.5 million and $101.1 million of revenue during the three months ended June 30, 2023 and 2022, respectively, that was included in the deferred revenue balances at the beginning of the respective periods. We recognized $212.6 million and $173.2 million of revenue during the six months ended June 30, 2023 and 2022, respectively, that was included in the deferred revenue balances at the beginning of the respective periods.

Transaction Price Allocated to the Remaining Performance Obligations

As of June 30, 2023, we expect revenue of approximately $817.4 million to be recognized from remaining performance obligations for subscription contracts. We expect to recognize approximately $454.7 million of these remaining performance obligations over the next 12 months with the balance substantially recognized in the 24 months thereafter.

9. Net Loss Per Share

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

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

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

	Three months ended			
	June 30, 2023		June 30, 2022	
	Class A	Class B	Class A	Class B
Numerator				
Net loss	$ (19,421)	$ (1,489)	$ (26,736)	$ (2,125)
Denominator				
Weighted-average common shares outstanding - basic and diluted	50,164,380	3,845,583	48,959,887	3,890,583
Basic and diluted net loss per share	$ (0.39)	$ (0.39)	$ (0.55)	$ (0.55)

	Six months ended			
	June 30, 2023		June 30, 2022	
	Class A	Class B	Class A	Class B
Numerator				
Net loss	$ (62,253)	$ (4,807)	$ (43,802)	$ (3,552)
Denominator				
Weighted-average common shares outstanding - basic and diluted	49,990,734	3,860,252	48,768,827	3,955,224
Basic and diluted net loss per share	$ (1.25)	$ (1.25)	$ (0.90)	$ (0.90)

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

	As of	
	June 30, 2023	June 30, 2022
Shares subject to outstanding common stock options	1,359,116	1,612,619
Shares subject to unvested restricted stock units and performance restricted stock units	2,261,742	1,977,282
Shares issuable pursuant to the ESPP	96,892	60,892

In addition, as of June 30, 2023 and 2022 approximately 4.3 million shares of our Class A common stock underlying our Convertible Senior Notes were excluded from the weighted-average shares used to calculate the diluted net loss per common share as they are considered anti-dilutive. We use the if-converted method for calculating any potential dilutive effect of the Notes on diluted net income per share, if applicable.

10. Intangible Assets and Goodwill

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

	As of June 30, 2023				As of December 31, 2022		
	Weighted Average Useful Life (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Acquired technology	4.5	$ 15,851	$ (5,654)	$ 10,197	$ 15,705	$ (3,849)	$ 11,856
Acquired customer-related	10.0	15,244	(1,964)	13,280	14,969	(1,169)	13,800
Acquired trade names	3.0	2,164	(1,301)	863	2,151	(861)	1,290
Patents	10.0	3,035	(1,732)	1,303	2,916	(1,628)	1,288
Total	7.2	$ 36,294	$ (10,651)	$ 25,643	$ 35,741	$ (7,507)	$ 28,234

Amortization expense related to intangible assets was $1.5 million during the three months ended June 30, 2023 and 2022, and $3.1 million and $2.3 million for the six months ended June 30, 2023 and 2022, respectively.

As of June 30, 2023, expected remaining amortization expense of intangible assets by fiscal year is as follows (in thousands):

Remainder of 2023	$	3,091
2024		5,446
2025		4,712
2026		3,401
2027		2,094
Thereafter		6,899
Total expected amortization expense	$	25,643

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

December 31, 2022	$	109,740
Foreign currency translation adjustments		1,414
June 30, 2023	$	111,154

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 21, 2023. 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, 2022, 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's mission is to power transparent reporting for a better world. We believe that consumers, employees, shareholders, and other stakeholders today expect more from business – more action, transparency, and disclosure of financial and non-financial information. We build solutions to meet that demand and streamline processes, connect data and teams, and ensure consistency – all within the Workiva platform, the world's leading cloud platform for assured integrated reporting. Additionally, we offer the only unified software-as-a-service ("SaaS") platform that brings customers' financial reporting, Environmental, Social, and Governance ("ESG"), and Governance, Risk, and Compliance ("GRC") together in a controlled, secure, audit-ready platform.

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 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 4,900 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, we organize our sales and marketing resources into four purpose-built solution groups focusing primarily on the office of the Chief Financial Officer ("CFO"): financial reporting, ESG, GRC, and industry verticals. Workiva also serves approximately 900 customers with non-platform, eXtensible Business Reporting Language ("XBRL")-tagging services, primarily through ParsePort, an XBRL conversion software company Workiva acquired in 2022.

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

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

We continue to invest in the development of our solutions, infrastructure and sales and marketing to drive long-term growth. Our full-time employee headcount increased to 2,508 at June 30, 2023 from 2,375 at June 30, 2022, an increase of 5.6%.

We have achieved significant revenue growth in recent periods. Our revenue grew to $155.0 million and $305.2 million during the three and six months ended June 30, 2023, respectively from $131.5 million and $261.2 million during the three and six months ended June 30, 2022, respectively. We incurred a net loss of $20.9 million and $67.1 million during the three and six months ended June 30, 2023, respectively compared to $28.9 million and $47.4 million during the three and six months ended June 30, 2022, 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 developing 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.

Impact of COVID-19

We do not believe that the COVID-19 pandemic has adversely affected our business. We have been able to maintain business continuity and have experienced no pandemic-related employee furloughs or layoffs. We have remote-work options available for most employees, while permitting in-person collaboration at our various offices. We continue to monitor and update our practices in response to changes in the COVID-19 workplace safety and health standards established by the Occupational Safety and Health Administration (“OSHA”) and guidance provided by the Centers for Disease Control and Prevention (“CDC”). We will continue to evaluate the nature and extent of the impact of the COVID-19 pandemic on our business, including the possibility of future disruption to Workiva's operations from potential new variants.

Effects of Volatility in the IPO/SPAC Markets

In the United States, volatility in the public markets led to a decrease in the number of initial public offerings (“IPOs”) and special-purpose acquisition companies (“SPACs”) in 2022. New sales of our SEC and capital markets solutions were adversely affected by this decline in the IPO and SPAC markets. Reduced valuation multiples caused by higher interest rates, inflation, and geopolitical instability continue to negatively impact the number of IPOs and SPACs in fiscal year 2023. Accordingly, this volatility continues to apply pressure to new sales of our SEC and capital markets solutions. Whether and to what extent the IPO and SPAC markets will moderate cannot be accurately predicted.

Key Factors Affecting Our Performance

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

Pursue New Customers. We sell to organizations that manage large, complex processes with 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 environmental, social and governance reporting, and governance, risk and compliance 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. With the exception of September 2020 and September 2021 when we transitioned to a virtual event, sales and marketing expense has 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 June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	(dollars in thousands)			
Financial metrics				
Total revenue	$ 155,022	$ 131,549	$ 305,211	$ 261,223
Percentage increase in total revenue	17.8 %	24.6 %	16.8 %	24.5 %
Subscription and support revenue	$ 136,772	$ 113,353	$ 266,436	$ 220,473
Percentage increase in subscription and support revenue	20.7 %	24.3 %	20.8 %	25.2 %
Subscription and support as a percent of total revenue	88.2 %	86.2 %	87.3 %	84.4 %

	As of June 30,	
	2023	2022
Operating metrics		
Number of customers	5,860	5,381
Subscription and support revenue retention rate	97.6%	97.9%
Subscription and support revenue retention rate including add-ons	111.1%	108.0%
Number of customers with annual contract value $100k+	1,470	1,186
Number of customers with annual contract value $150k+	823	642
Number of customers with annual contract value $300k+	272	194

Total customers. We believe total number of customers is a key indicator of our financial success and future revenue potential. We define a customer as an entity with an active subscription contract as of the measurement date. Our customer is typically a parent company or, in a few cases, a significant subsidiary that works with us directly. Companies with publicly-listed securities account for a substantial majority of our customers. As of June 30, 2023 and 2022, our total customer count includes 922 and 850 ParsePort ESEF customers, respectively.

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 97.6% as of June 30, 2023, down slightly from 97.9% as of June 30, 2022. We believe that our success in maintaining a high rate of revenue retention is attributable primarily to our robust technology platform and strong customer service. Customers whose securities were deregistered due to merger or acquisition or financial distress accounted for just over half of our revenue attrition in the latest quarter.

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 111.1% as of the quarter ended June 30, 2023, up from 108.0% as of June 30, 2022.

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 June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Subscription and support revenue from customers with annual contract value of $100k+ as a percent of total subscription and support revenue	65.7%	61.3%	64.8%	61.3%
Subscription and support revenue from customers with annual contract value of $150k+ as a percent of total subscription and support revenue	51.4%	46.7%	50.5%	46.7%
Subscription and support revenue from customers with annual contract value of $300k+ as a percent of total subscription and support revenue	31.0%	26.7%	30.5%	26.8%

Components of Results of Operations

Revenue

We generate revenue through the sale of subscriptions to our cloud-based software and the delivery of professional services. We serve a wide range of customers in many industries, and our revenue is not concentrated with any single customer or small group of customers. For the six months ended June 30, 2023 and 2022, no single customer represented more than 1% of our revenue, and our largest 10 customers accounted for less than 5% of our revenue in the aggregate.

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

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

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

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

Cost of Revenue

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

Sales and Marketing Expenses

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

Research and Development Expenses

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

General and Administrative Expenses

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

Results of Operations

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

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	(in thousands)			
Revenue				
Subscription and support	$ 136,772	$ 113,353	$ 266,436	$ 220,473
Professional services	18,250	18,196	38,775	40,750
Total revenue	155,022	131,549	305,211	261,223
Cost of revenue				
Subscription and support(1)	25,083	18,915	49,216	37,448
Professional services(1)	14,421	13,322	28,806	25,662
Total cost of revenue	39,504	32,237	78,022	63,110
Gross profit	115,518	99,312	227,189	198,113
Operating expenses				
Research and development(1)	42,697	39,177	88,488	75,061
Sales and marketing(1)	71,882	64,219	142,592	120,319
General and administrative(1)	23,627	24,108	65,638	48,102
Total operating expenses	138,206	127,504	296,718	243,482
Loss from operations	(22,688)	(28,192)	(69,529)	(45,369)
Interest income	4,535	605	8,252	885
Interest expense	(1,499)	(1,512)	(3,000)	(3,030)
Other (expense) income, net	(439)	668	(1,379)	503
Loss before provision for income taxes	(20,091)	(28,431)	(65,656)	(47,011)
Provision for income taxes	819	430	1,404	343
Net loss	$ (20,910)	$ (28,861)	$ (67,060)	$ (47,354)

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

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	(in thousands)			
Cost of revenue				
Subscription and support	$ 1,413	$ 912	$ 2,485	$ 1,702
Professional services	667	593	1,300	1,045
Operating expenses				
Research and development	4,825	3,148	9,522	5,873
Sales and marketing	6,703	5,646	13,661	9,731
General and administrative	7,002	8,148	31,684	15,405
Total stock-based compensation expense	$ 20,610	$ 18,447	$ 58,652	$ 33,756

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

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Revenue				
Subscription and support	88.2 %	86.2 %	87.3 %	84.4 %
Professional services	11.8	13.8	12.7	15.6
Total revenue	100.0	100.0	100.0	100.0
Cost of revenue				
Subscription and support	16.2	14.4	16.1	14.3
Professional services	9.3	10.1	9.4	9.8
Total cost of revenue	25.5	24.5	25.5	24.1
Gross profit	74.5	75.5	74.5	75.9
Operating expenses				
Research and development	27.5	29.8	29.0	28.7
Sales and marketing	46.4	48.8	46.7	46.1
General and administrative	15.2	18.3	21.5	18.4
Total operating expenses	89.1	96.9	97.2	93.2
Loss from operations	(14.6)	(21.4)	(22.7)	(17.3)
Interest income	2.9	0.5	2.7	0.3
Interest expense	(1.0)	(1.1)	(1.0)	(1.2)
Other (expense) income, net	(0.3)	0.5	(0.5)	0.2
Loss before provision for income taxes	(13.0)	(21.5)	(21.5)	(18.0)
Provision for income taxes	0.5	0.3	0.5	0.1
Net loss	(13.5)%	(21.8)%	(22.0)%	(18.1)%

Comparison of Three and Six Months Ended June 30, 2023 and 2022

Revenue

	Three months ended June 30,			Six months ended June 30,		
	2023	2022	% Change	2023	2022	% Change
	(dollars in thousands)					
Revenue						
Subscription and support	$ 136,772	$ 113,353	20.7%	$ 266,436	$ 220,473	20.8%
Professional services	18,250	18,196	0.3%	38,775	40,750	(4.8)%
Total revenue	$ 155,022	$ 131,549	17.8%	$ 305,211	$ 261,223	16.8%

Total revenue increased $23.5 million for the three months ended June 30, 2023 compared to the same quarter a year ago due primarily to a $23.4 million increase in subscription and support revenue. Growth in subscription and support revenue in the second 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 June 30, 2023 compared to the same quarter a year ago. The change in revenue from professional services was due primarily to an increase in revenue from XBRL professional services partially offset by a decrease in revenue from other services as we continue to transition consulting and other services to our partners. We 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 $44.0 million for the six months ended June 30, 2023 compared to the same period a year ago due primarily to a $46.0 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. Professional services revenue decreased $2.0 million for the six months ended June 30, 2023 compared to the same period a year ago. The decrease was driven primarily by the timing of performance of XBRL services between quarters and the continued transition of consulting and other services to our partners. We 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 June 30,			Six months ended June 30,		
	2023	2022	% Change	2023	2022	% Change
			(dollars in thousands)			
Cost of revenue						
Subscription and support	$ 25,083	$ 18,915	32.6%	$ 49,216	$ 37,448	31.4%
Professional services	14,421	13,322	8.2%	28,806	25,662	12.3%
Total cost of revenue	$ 39,504	$ 32,237	22.5%	$ 78,022	$ 63,110	23.6%

Cost of revenue increased $7.3 million during the three months ended June 30, 2023 compared to the same quarter a year ago due primarily to $4.3 million in higher cash-based compensation and benefits costs due in part to increased headcount, $0.6 million of additional stock-based compensation, a $0.6 million increase in travel expense, and a $1.2 million increase in the cost of cloud infrastructure services. The increases in headcount and cloud infrastructure services resulted primarily from our continued investment in and support of our platform and solutions. The increase in travel expense was due to a modest continued return to travel.

Cost of revenue increased $14.9 million during the six months ended June 30, 2023 compared to the same period a year ago due primarily to $9.2 million in higher cash-based compensation and benefits costs due in part to increased headcount, $1.0 million of additional stock-based compensation, a $1.0 million increase in travel expense, a $2.3 million increase in the cost of cloud infrastructure services, and a $0.7 million increase in professional service fees. The increases in headcount, cloud infrastructure services, and professional service fees resulted primarily from our continued investment in and support of our platform and solutions. The increase in travel expense was due to a modest continued return to travel.

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Operating Expenses

	Three months ended June 30,			Six months ended June 30,		
	2023	2022	% Change	2023	2022	% Change
			(dollars in thousands)			
Operating expenses						
Research and development	$ 42,697	$ 39,177	9.0%	$ 88,488	$ 75,061	17.9%
Sales and marketing	71,882	64,219	11.9%	142,592	120,319	18.5%
General and administrative	23,627	24,108	(2.0)%	65,638	48,102	36.5%
Total operating expenses	$ 138,206	$ 127,504	8.4%	$ 296,718	$ 243,482	21.9%

Research and Development

Research and development expenses increased $3.5 million during the three months ended June 30, 2023 compared to the same quarter a year ago due primarily to $3.9 million in higher cash-based compensation and benefits and $1.7 million of additional stock-based compensation partially offset by a $1.3 million decrease in travel and conference expense and a $0.6 million decrease in professional service fees. The increase in compensation was primarily driven by an increase in employee headcount compared to the same quarter a year ago as we continue to invest in our platform and solutions. In the second quarter of 2023, we recognized an additional $0.7 million in stock-based compensation pursuant to certain severance obligations. The decrease in professional service fees and travel expense was primarily due to our annual research and development conference which was held in the first quarter of 2023. In the prior year the conference was held during the second quarter.

Research and development expenses increased $13.4 million during the six months ended June 30, 2023 compared to the same period a year ago due primarily to $9.2 million in higher cash-based compensation and benefits, $3.6 million of additional stock-based compensation, a $0.7 million increase in travel and conference expense, and a $0.4 million increase related to the amortization of acquisition-related intangible assets partially offset by a $0.6 million decrease in the cost of cloud infrastructure services. The increase in compensation was primarily driven by an increase in employee headcount compared to the same period a year ago as we continue to invest in our platform and solutions. During the first half of 2023, we recognized an additional $1.4 million in stock-based compensation pursuant to certain severance obligations. The increase in travel expense was primarily due to our annual research and development conference and a modest continued return to travel. The increase in the amortization of acquisition-related intangible assets relates to our acquisition of ParsePort which occurred in the second quarter of 2022 and therefore was only partially included in the prior year comparable figures. The decrease in the cost of cloud infrastructure services was driven by increased efficiencies implemented by our development teams.

Sales and Marketing

Sales and marketing expenses increased $7.7 million during the three months ended June 30, 2023 compared to the same quarter a year ago due primarily to $6.1 million in higher cash-based compensation and benefits, $1.1 million of additional stock-based compensation, and a $0.8 million increase in travel expense. 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 modest continued return to travel.

Sales and marketing expenses increased $22.3 million during the six months ended June 30, 2023 compared to the same period a year ago due primarily to $12.4 million in higher cash-based compensation and benefits, $3.9 million of additional stock-based compensation, a $3.8 million increase in travel and conference expense, a $0.9 million increase in professional service fees, a $0.5 million increase in software expense, and a $0.4 million increase related to the amortization of acquisition-related intangible assets. During the first half of 2023, we recognized an additional $1.6 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 and sales commissions as we continue to invest in our go-to-market activities. The increases in professional service fees and software expense were the result of our continued investment in and support of our platform and solutions. The increase in travel expense was primarily due to a modest continued return to travel and our annual sales and marketing conference which was held in person in the first half of 2023. The conference was held virtually in the prior year. The increase in the amortization of acquisition-related intangible assets relates to our acquisition of ParsePort which occurred in the second quarter of 2022 and therefore was only partially included in the prior year comparable figures.

General and Administrative

General and administrative expenses decreased $0.5 million during the three months ended June 30, 2023 compared to the same quarter a year ago due primarily to a $1.2 million decrease in stock-based compensation and a $0.9 million decrease related to recruiting and professional service fees partially offset by $0.7 million in higher cash-based compensation and benefits. In addition, in the second quarter of 2023 we also recorded one-time fees of $0.6 million related to the cancellation of certain events. The decrease in stock-based compensation during the second quarter is primarily due to having fewer executives than in the prior year. The increase in cash-based compensation was primarily due to continued investment in our employees and our platform.

General and administrative expenses increased $17.5 million during the six months ended June 30, 2023 compared to the same period a year ago due primarily to $2.6 million in higher cash-based compensation and benefits, $16.3 million of additional stock-based compensation, a $0.5 million increase in public relations expense, partially offset by a $1.7 million decrease related to recruiting and professional service fees and a $1.3 million decrease in goods and service tax expense. In addition, in the second quarter of 2023, we also recorded one-time fees of $0.6 million related to the cancellation of certain events. During the first half of 2023, we recognized an additional $1.4 million and $18.1 million in cash-based compensation and stock-based compensation, respectively, pursuant to certain transition agreements with former executives. Public relations expense increased during the quarter as we continue to execute on our brand strategy. The decrease in sales tax expense was related to a goods and services tax refund which is not expected to recur.

Non-Operating Income (Expenses)

	Three months ended June 30,			Six months ended June 30,		
	2023	2022	% Change	2023	2022	% Change
			(dollars in thousands)			
Interest income	$ 4,535	$ 605	649.6%	$ 8,252	$ 885	832.4%
Interest expense	(1,499)	(1,512)	(0.9)%	(3,000)	(3,030)	(1.0)%
Other (expense) income, net	(439)	668	*	(1,379)	503	*

(*) Percentage is not meaningful.

Interest Income, Interest Expense and Other Expense (Income), Net

During the three months ended June 30, 2023, interest income increased $3.9 million compared to the same quarter a year ago due primarily to higher interest rates on investments. Interest expense remained relatively flat compared to the same quarter a year ago. Other expense (income), net increased $1.1 million compared to the same quarter a year ago due primarily to losses on foreign currency transactions.

During the six months ended June 30, 2023, interest income increased $7.4 million compared to the same period a year ago due primarily to higher interest rates on investments. Interest expense remained relatively flat compared to the same period a year ago. Other expense (income), net increased $1.9 million compared to the same period a year ago due primarily to losses on the sale of available-for-sale securities and losses on foreign currency transactions.

Results of Operations for Fiscal 2022 Compared to 2021

For a comparison of our results of operations for the fiscal years ended December 31, 2022 and 2021, 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, 2022, filed with the SEC on February 21, 2023.

Liquidity and Capital Resources

Overview of Sources and Uses of Cash

As of June 30, 2023, our principal sources of liquidity were cash, cash equivalents and marketable securities totaling $466.3 million, which were held for working capital purposes. We have financed our operations primarily through the proceeds of offerings of equity, convertible debt, and cash from operating activities. We have generated significant operating losses and negative cash flows from operating activities as reflected in our accumulated deficit and consolidated statements of cash flows. While we expect to continue to incur operating losses and may incur negative cash flows from operations in the future, we believe that current cash and cash equivalents and cash flows from operating activities will be sufficient to fund our operations for at least the next twelve months.

Convertible Debt

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

Cash Flows

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	(in thousands)			
Cash flow provided by operating activities	$ 25,979	$ 8,684	$ 31,542	$ 7,747
Cash flow used in investing activities	(22,544)	(83,125)	(73,018)	(76,614)
Cash flow used in financing activities	(590)	(645)	(939)	(3,614)
Net increase (decrease) in cash and cash equivalents, net of impact of exchange rates	$ 3,454	$ (76,823)	$ (41,258)	$ (74,133)

Operating Activities

For the three months ended June 30, 2023, cash provided by operating activities was $26.0 million. The primary factors affecting our operating cash flows during the period were our net loss of $20.9 million, adjusted for non-cash charges of $2.9 million for depreciation and amortization of our property and equipment and intangible assets, $20.6 million of stock-based compensation expense, $1.6 million for the accretion of premiums and discounts on marketable securities, and a $24.6 million net change in operating assets and liabilities. The primary drivers of the changes in operating assets and liabilities were a $6.9 million increase in accounts receivable, a $1.7 million increase in prepaid expenses, and a $1.1 million decrease in accounts payable offset by a $1.4 million decrease in deferred costs, a $21.1 million increase in deferred revenue, and a $11.6 million increase in accrued expenses and other liabilities. 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, prepaid expenses, and accrued expenses and other liabilities as well as the decrease in accounts payable were attributable primarily to the timing of our billings, cash collections, and cash payments.

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

For the six months ended June 30, 2023, cash provided by operating activities was $31.5 million. The primary factors affecting our operating cash flows during the period were our net loss of $67.1 million, adjusted for non-cash charges of $5.7 million for depreciation and amortization of our property and equipment and intangible assets, $58.7 million of stock-based compensation expense, $0.7 million for the amortization of our debt discount and issuance costs, $2.6 million for the accretion of premiums and discounts on marketable securities, $0.7 million in realized losses on the sale of available-for-sale securities, and a $35.5 million net change in operating assets and liabilities. The primary drivers of the changes in operating assets and liabilities were a $7.4 million increase in prepaid expenses and a $0.9 million decrease in accounts payable offset by an $11.1 million increase in deferred revenue, a $6.7 million increase in accrued expenses and other liabilities, a $22.5 million decrease in accounts receivable, and a $3.1 million decrease in deferred costs. 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 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.

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

Investing Activities

Cash used in investing activities of $22.5 million for the three months ended June 30, 2023 was due primarily to $51.2 million in purchases of marketable securities and $0.6 million in purchases of fixed assets partially offset by $21.3 million from the sale of marketable securities and $8.0 million from maturities of marketable securities. Our capital expenditures were associated primarily with computer equipment in support of expanding our infrastructure and work force.

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

Cash used in investing activities of $73.0 million for the six months ended June 30, 2023 was due primarily to $177.0 million in purchases of marketable securities and $0.8 million in purchases of fixed assets partially offset by $65.1 million from the sale of marketable securities and $39.9 million from maturities of marketable securities. Our capital expenditures were associated primarily with computer equipment in support of expanding our infrastructure and work force.

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

Financing Activities

Cash used in financing activities of $0.6 million for the three months ended June 30, 2023 was due primarily to $1.2 million in taxes paid related to net share settlements of stock-based compensation awards partially offset by $0.7 million in proceeds from option exercises.

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

Cash used in financing activities of $0.9 million for the six months ended June 30, 2023 was due primarily to $8.4 million in taxes paid related to net share settlements of stock-based compensation awards partially offset by $2.2 million in proceeds from option exercises and $5.5 million in proceeds from shares issued in connection with our employee stock purchase plan.

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

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, 2022 filed with the SEC on February 21, 2023.

Critical Accounting Policies and Estimates

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

During the six months ended June 30, 2023, 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, 2022 filed with the SEC on February 21, 2023.

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, 2022. Our exposures to market risk have not changed materially since December 31, 2022.

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 2022 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 2023 to the risk factors that were included in the Form 10-K, other than what is set forth immediately below.

Recent events affecting the financial services industry could have an adverse impact on the Company's business operations, financial condition and results of operations.

The closures of Silicon Valley Bank and Signature Bank in March of 2023 have created bank-specific and broader financial institution liquidity risks and concerns. While the Company did not have any material deposits at either bank, some of our customers may have had deposits with them, which could have an adverse impact on the ability of our customers to pay amounts they owe to us.

More generally, these events have resulted in market disruption and volatility and could lead to greater instability in the credit and financial markets and a deterioration in confidence in economic conditions. The future effect of these events on the financial services industry and broader economy are unknown and difficult to predict but could include failures of other financial institutions to which we or our customers face direct or more significant exposure, as well as other risks not yet identified. Any of these effects could have material adverse impacts on our liquidity, our current and/or projected business operations and financial condition and our results of operations.

Item 2. Unregistered Sales of Securities and Use of Proceeds

Sales of Unregistered Securities

Not applicable.

Issuer Purchases of Equity Securities

The following table provides information about purchases of shares of our Class A Common Stock during the three months ended June 30, 2023 related to shares withheld upon vesting of restricted stock units for tax withholding obligations:

Date	Total Number of Shares Purchased [1]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under Program
April 2023	8,673	$ 102.41	—	—
May 2023	3,454	93.75	—	—
June 2023	—	—	—	—
Total	12,127	$ 99.94	—	—

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

Item 5. Other Information

Director and Officer Trading Arrangements

During the three months ended June 30, 2023, no director or officer of the Company adopted 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:

Exhibit Number	Description
31.1	Certification of the Chief Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following financial information from Workiva Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statements of Comprehensive Loss, (iv) the Consolidated Statements of Changes in Stockholders Equity, (v) the Condensed Consolidated Statements of Cash Flows, and (vi) Notes to the Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 3rd day of August, 2023.

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, Chief Accounting Officer and Treasurer

CERTIFICATION UNDER SECTION 302 OF THE

SARBANES-OXLEY ACT OF 2002

I, Julie Iskow, certify that:

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

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

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

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

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 3, 2023	/s/ Julie Iskow Julie Iskow President and Chief Executive Officer (Principal Executive Officer)

CERTIFICATION UNDER SECTION 302 OF THE

SARBANES-OXLEY ACT OF 2002

I, Jill Klindt, certify that:

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

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

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

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

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 3, 2023

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

CERTIFICATION UNDER SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002

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

1. the Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2023 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

August 3, 2023

/s/ Julie Iskow
Julie Iskow
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION UNDER SECTION 906 OF THE

SARBANES-OXLEY ACT OF 2002

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

1. the Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2023 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

August 3, 2023

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