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, 2020

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	**47-2509828**
(State or other jurisdiction of incorporation or organization)	(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 31, 2020, there were approximately 39,278,455 shares of the registrant's Class A common stock and 8,475,596 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, 2019, 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, 2020	As of December 31, 2019
	(unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	$ 402,121	$ 381,742
Marketable securities	106,451	106,214
Accounts receivable, net of allowance for doubtful accounts of $1,210 and $866 at June 30, 2020 and December 31, 2019, respectively	41,470	60,228
Deferred commissions	15,650	14,108
Other receivables	2,630	2,432
Prepaid expenses and other	9,349	6,508
Total current assets	577,671	571,232
Property and equipment, net	38,913	39,745
Operating lease right-of-use assets	17,534	15,352
Deferred commissions, non-current	14,867	14,977
Intangible assets, net	1,622	1,651
Other assets	4,120	3,439
Total assets	$ 654,727	$ 646,396

WORKIVA INC.

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

	As of June 30, 2020 (unaudited)	As of December 31, 2019
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 3,813	$ 7,057
Accrued expenses and other current liabilities	56,387	49,930
Deferred revenue	171,378	173,617
Current portion of financing obligations	1,395	1,328
Total current liabilities	232,973	231,932
Convertible senior notes, net	285,011	280,601
Deferred revenue, non-current	29,294	32,569
Other long-term liabilities	1,778	1,498
Operating lease liabilities, non-current	19,274	18,564
Financing obligations, non-current	15,174	15,889
Total liabilities	583,504	581,053
Stockholders' equity		
Class A common stock, $0.001 par value per share, 1,000,000,000 shares authorized, 39,144,056 and 38,043,444 shares issued and outstanding at June 30, 2020 and December 31, 2019, respectively	39	38
Class B common stock, $0.001 par value per share, 500,000,000 shares authorized, 8,475,596 and 8,595,596 shares issued and outstanding at June 30, 2020 and December 31, 2019, respectively	8	9
Preferred stock, $0.001 par value per share, 100,000,000 shares authorized, no shares issued and outstanding	—	—
Additional paid-in-capital	456,007	420,170
Accumulated deficit	(385,499)	(355,161)
Accumulated other comprehensive income	668	287
Total stockholders' equity	71,223	65,343
Total liabilities and stockholders' equity	$ 654,727	$ 646,396

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,	
	2020	**2019**	**2020**	**2019**
Revenue				
Subscription and support	$ 70,696	$ 60,472	$ 139,057	$ 116,595
Professional services	13,164	13,012	30,604	26,852
Total revenue	83,860	73,484	169,661	143,447
Cost of revenue				
Subscription and support	12,098	10,202	24,251	20,011
Professional services	10,146	10,475	20,389	20,202
Total cost of revenue	22,244	20,677	44,640	40,213
Gross profit	61,616	52,807	125,021	103,234
Operating expenses				
Research and development	23,508	21,795	46,502	43,806
Sales and marketing	35,270	28,213	71,387	53,578
General and administrative	19,632	11,226	33,080	21,609
Total operating expenses	78,410	61,234	150,969	118,993
Loss from operations	(16,794)	(8,427)	(25,948)	(15,759)
Interest income	655	641	2,361	1,133
Interest expense	(3,563)	(433)	(7,117)	(873)
Other (expense) income, net	(68)	(111)	650	(283)
Loss before (benefit) provision for income taxes	(19,770)	(8,330)	(30,054)	(15,782)
(Benefit) provision for income taxes	(5)	(8)	284	3
Net loss	$ (19,765)	$ (8,322)	$ (30,338)	$ (15,785)
Net loss per common share:				
Basic and diluted	$ (0.41)	$ (0.18)	$ (0.63)	$ (0.35)
Weighted-average common shares outstanding - basic and diluted	48,171,552	46,166,660	47,858,628	45,700,559

See accompanying notes.

WORKIVA INC.

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

	Three months ended June 30,		Six months ended June 30,	
	2020	**2019**	**2020**	**2019**
Net loss	$ (19,765)	$ (8,322)	$ (30,338)	$ (15,785)
Other comprehensive income, net of tax				
Foreign currency translation adjustment, net of income tax benefit (expense) of $28 and $(2) for the three months ended June 30, 2020 and 2019, respectively, and net of income tax benefit (expense) of $28 and $(5) for the six months ended June 30, 2020 and 2019, respectively	(30)	6	(81)	15
Unrealized gain on available-for-sale securities, net of income tax benefit (expense) of $(159) and $(26) for the three months ended June 30, 2020 and 2019, respectively, and net of income tax benefit (expense) of $(159) and $(41) for the six months ended June 30, 2020 and 2019, respectively	420	76	462	119
Other comprehensive income, net of tax	390	82	381	134
Comprehensive loss	$ (19,375)	$ (8,240)	$ (29,957)	$ (15,651)

See accompanying notes.

WORKIVA INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(in thousands)
(unaudited)

	Common Stock (Class A and B)										
	Shares		**Amount**		**Additional Paid-in-Capital**		**Accumulated Other Comprehensive Income**		**Accumulated Deficit**		**Total Stockholders' Equity**
Balances at December 31, 2019	46,639	$	47	$	420,170	$	287	$	(355,161)	$	65,343
Stock-based compensation expense	—		—		9,936		—		—		9,936
Issuance of common stock upon exercise of stock options	225				2,794		—		—		2,794
Issuance of common stock under employee stock purchase plan	94		—		3,660		—		—		3,660
Issuance of restricted stock units	117		—		—		—		—		—
Tax withholding related to net share settlements of stock-based compensation awards	(30)		—		(1,379)		—		—		(1,379)
Net loss	—		—		—		—		(10,573)		(10,573)
Other comprehensive loss	—		—		—		(9)		—		(9)
Balances at March 31, 2020	47,045	$	47	$	435,181	$	278	$	(365,734)	$	69,772
Stock-based compensation expense	—		—		14,894		—		—		14,894
Issuance of common stock upon exercise of stock options	443		—		6,664		—		—		6,664
Issuance of restricted stock units	153		—		—		—		—		—
Tax withholding related to net share settlements of stock-based compensation awards	(21)		—		(732)		—		—		(732)
Net loss	—		—		—		—		(19,765)		(19,765)
Other comprehensive income	—		—		—		390		—		390
Balances at June 30, 2020	47,620	$	47	$	456,007	$	668	$	(385,499)	$	71,223

WORKIVA INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (continued)

(in thousands)
(unaudited)

	Common Stock (Class A and B)					
	Shares	Amount	Additional Paid-in-Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity (Deficit)
Balances at December 31, 2018	44,044	$ 44	$ 297,145	$ 98	$ (307,027)	$ (9,740)
Stock-based compensation expense	—	—	8,193	—	—	8,193
Issuance of common stock upon exercise of stock options	961	1	11,054	—	—	11,055
Issuance of common stock under employee stock purchase plan	101	—	2,149	—	—	2,149
Issuance of restricted stock units	25	—	—	—	—	—
Tax withholding related to net share settlements of stock-based compensation awards	(10)	—	(390)	—	—	(390)
Net loss	—	—	—	—	(7,463)	(7,463)
Other comprehensive income	—	—	—	52	—	52
Balances at March 31, 2019	45,121	$ 45	$ 318,151	$ 150	$ (314,490)	$ 3,856
Stock-based compensation expense	—	—	8,513	—	—	8,513
Issuance of common stock upon exercise of stock options	455	1	5,497	—	—	5,498
Issuance of restricted stock units	323	—	—	—	—	—
Net loss	—	—	—	—	(8,322)	(8,322)
Other comprehensive income	—	—	—	82	—	82
Balances at June 30, 2019	45,899	$ 46	$ 332,161	$ 232	$ (322,812)	$ 9,627

See accompanying notes.

WORKIVA INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2020	**2019**	**2020**	**2019**
Cash flows from operating activities				
Net loss	$ (19,765)	$ (8,322)	$ (30,338)	$ (15,785)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization	1,131	971	2,273	1,874
Stock-based compensation expense	14,894	8,513	24,830	16,706
Provision for doubtful accounts	319	233	359	46
Amortization (accretion) of premiums and discounts on marketable securities, net	112	(23)	213	(104)
Amortization of debt discount and issuance costs	2,213	—	4,410	—
Deferred income tax	(131)	(28)	(131)	(46)
Changes in assets and liabilities:				
Accounts receivable	3,847	3,133	18,112	17,951
Deferred commissions	(2,166)	(3,833)	(1,563)	(5,862)
Operating lease right-of-use asset	875	556	1,973	1,224
Other receivables	58	161	(195)	(53)
Prepaid expenses and other	(890)	(310)	(2,845)	(3,546)
Other assets	(609)	58	(683)	(1,406)
Accounts payable	(1,692)	1,206	(3,074)	(356)
Deferred revenue	(3,640)	8,295	(4,868)	10,282
Operating lease liability	(1,178)	(813)	(2,323)	(1,468)
Accrued expenses and other liabilities	13,735	8,966	5,712	4,425
Net cash provided by operating activities	7,113	18,763	11,862	23,882
Cash flows from investing activities				
Purchase of property and equipment	(696)	(454)	(1,384)	(2,197)
Purchase of marketable securities	(16,457)	(18,562)	(37,289)	(40,717)
Sale of marketable securities	—	—	11,423	—
Maturities of marketable securities	13,062	11,500	26,037	18,890
Purchase of intangible assets	(74)	(577)	(151)	(661)
Net cash used in investing activities	(4,165)	(8,093)	(1,364)	(24,685)

WORKIVA INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(in thousands)
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Cash flows from financing activities				
Proceeds from option exercises	6,664	5,498	9,458	16,553
Taxes paid related to net share settlements of stock-based compensation awards	(732)	—	(2,111)	(390)
Proceeds from shares issued in connection with employee stock purchase plan	—	—	3,660	2,149
Principal payments on financing obligations	(328)	(301)	(648)	(595)
Net cash provided by financing activities	5,604	5,197	10,359	17,717
Effect of foreign exchange rates on cash	135	110	(478)	215
Net increase in cash and cash equivalents	8,687	15,977	20,379	17,129
Cash and cash equivalents at beginning of period	393,434	78,736	381,742	77,584
Cash and cash equivalents at end of period	$ 402,121	$ 94,713	$ 402,121	$ 94,713
Supplemental cash flow disclosure				
Cash paid for interest	$ 382	$ 422	$ 2,702	$ 886
Cash paid for income taxes, net of refunds	$ 227	$ 28	$ 385	$ 261
Supplemental disclosure of noncash investing and financing activities				
Allowance for tenant improvements	$ 25	$ —	$ 149	$ —
Purchases of property and equipment, accrued but not paid	$ —	$ 444	$ —	$ 444

See accompanying notes.

WORKIVA INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Significant Accounting Policies

Organization

Workiva Inc., a Delaware corporation (together with its wholly-owned subsidiaries, the “Company” or “we” or “us”), provides the world’s leading connected reporting and compliance platform, which is used by thousands of public and private companies, government agencies and higher-education institutions. The Workiva platform offers controlled collaboration, data linking, data integrations, granular permissions, process management and a full audit trail. Our operational headquarters are located in Ames, Iowa, with additional offices located in the United States, Europe, the Asia-Pacific region and Canada.

Basis of Presentation and Principles of Consolidation

The financial information presented in the accompanying unaudited condensed consolidated financial statements has been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) and in accordance with rules and regulations of the U.S. Securities and Exchange Commission (“SEC”) regarding interim financial reporting. Accordingly, the financial statements do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The condensed consolidated balance sheet data as of December 31, 2019 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, 2020 are not necessarily indicative of the results expected for the full year ending December 31, 2020.

Seasonality has affected our revenue, expenses and cash flows from operations. Revenue from professional services has been higher in the first quarter as many of our customers file their Form 10-K in the first calendar quarter. Sales and marketing expense has historically been higher in the third quarter due to our annual user conference in September, although our transition to a virtual event in 2020 is expected to partially mitigate this trend. 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, 2019 filed with the SEC on February 20, 2020.

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. Additionally, certain prior period amounts have been reclassified for consistency with the current year presentation. The reclassification of the prior period amounts were not material to the previously reported consolidated financial statements.

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, income taxes, discount rates used in the valuation of right-of-use assets and lease liabilities, the fair value of the liability and equity components of the convertible senior notes, and certain assumptions used in the valuation of equity awards. While these estimates are based on our best knowledge of current events and actions that may affect us in the future, actual results may differ materially from these estimates.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* which amends the current accounting guidance and requires the measurement of all expected losses based on historical experience, current conditions and reasonable and supportable forecasts. For trade receivables, loans, and other financial instruments, we are required to use a forward-looking expected loss model that reflects probable losses rather than the incurred loss model for recognizing credit losses. The standard became effective for interim and annual periods beginning after December 15, 2019, with early adoption permitted. Application of the amendments is through a cumulative-effect adjustment to retained earnings as of the effective date. Effective January 1, 2020, we adopted this standard. The adoption of this new standard did not have a material impact on our consolidated financial statements.

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, 2020	As of December 31, 2019
Accrued vacation	$ 10,824	$ 8,353
Accrued commissions	5,570	5,561
Accrued bonuses	7,999	7,121
Estimated health insurance claims	1,076	1,040
ESPP employee contributions	3,862	3,734
Customer deposits	13,526	12,151
Operating lease liabilities	4,385	3,064
Accrued other liabilities	9,145	8,906
	$ 56,387	$ 49,930

3. Cash Equivalents and Marketable Securities

At June 30, 2020, cash equivalents and marketable securities consisted of the following (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Aggregate Fair Value
Money market funds	$ 378,501	$ —	$ —	$ 378,501
Commercial paper	8,959	—	—	8,959
U.S. treasury debt securities	20,860	190	—	21,050
U.S. corporate debt securities	75,844	599	(1)	76,442
	$ 484,164	$ 789	$ (1)	$ 484,952
Included in cash and cash equivalents	$ 378,501	$ —	$ —	$ 378,501
Included in marketable securities	$ 105,663	$ 789	$ (1)	$ 106,451

At December 31, 2019, cash equivalents and marketable securities consisted of the following (in thousands):

	Amortized Cost	Unrealized Gains	Unrealized Losses	Aggregate Fair Value
Money market funds	$ 360,471	$ —	$ —	$ 360,471
U.S. treasury debt securities	10,342	8	(1)	10,349
U.S. corporate debt securities	95,706	164	(5)	95,865
	$ 466,519	$ 172	$ (6)	$ 466,685
Included in cash and cash equivalents	$ 360,471	$ —	$ —	$ 360,471
Included in marketable securities	$ 106,048	$ 172	$ (6)	$ 106,214

The following table presents gross unrealized losses and fair values for those marketable securities that were in an unrealized loss position as of June 30, 2020, 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, 2020			
	Less than 12 months		12 months or greater	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. corporate debt securities	$ 3,846	$ (1)	$ —	$ —
Total	$ 3,846	$ (1)	$ —	$ —

We do not believe the unrealized losses represent credit losses based on our evaluation of available evidence as of June 30, 2020, 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, 2020, 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. 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, 2020			Fair Value Measurements as of December 31, 2019		
Description	**Total**	**Level 1**	**Level 2**	**Total**	**Level 1**	**Level 2**
Money market funds	$ 378,501	$ 378,501	$ —	$ 360,471	$ 360,471	$ —
Commercial paper	8,959	—	8,959	—	—	—
U.S. treasury debt securities	21,050	—	21,050	10,349	—	10,349
U.S. corporate debt securities	76,442	—	76,442	95,865	—	95,865
	$ 484,952	$ 378,501	$ 106,451	$ 466,685	$ 360,471	$ 106,214
Included in cash and cash equivalents	$ 378,501			$ 360,471		
Included in marketable securities	$ 106,451			$ 106,214		

Convertible Senior Notes

As of June 30, 2020, the fair value of our convertible senior notes was $314.1 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.

Interest expense representing the amortization of the debt discount and issuance costs as well as contractual interest expense is amortized to interest expense at an effective interest rate of 4.3% over the term of the Notes.

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

	June 30, 2020	December 31, 2019
Liability component:		
Principal	$ 345,000	$ 345,000
Unamortized discount	(53,327)	(57,247)
Unamortized issuance costs	(6,662)	(7,152)
Net carrying amount	$ 285,011	$ 280,601
Equity component, net of purchase discounts and issuance costs	$ 58,560	$ 58,560

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

	Three Months Ended June 30, 2020	Six Months Ended June 30, 2020
Contractual interest expense	$ 970	$ 1,940
Amortization of debt discount	1,967	3,920
Amortization of issuance costs	246	490
Total interest expense	$ 3,183	$ 6,350

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, options to purchase Class A common stock and Employee Stock Purchase Plan (“ESPP”) purchase rights.

As of June 30, 2020, awards outstanding under the 2009 Plan consisted of stock options, and awards outstanding under the 2014 Plan consisted of stock options and restricted stock units.

As of June 30, 2020, 1,523,110 shares of Class A common stock were available for grant under the 2014 Plan.

Our ESPP became effective on June 13, 2017. Under the ESPP, eligible employees are granted options to purchase shares of Class A common stock at the lower of 85% of the fair market value of the stock at the time of grant or 85% of the fair market value at the time of exercise. Options to purchase shares are granted twice yearly on or about January 15 and July 15 and are exercisable on or about the succeeding July 14 and January 14, respectively, of each year. As of June 30, 2020, 4,538,213 shares of Class A common stock were available for issuance under the ESPP. No participant may purchase more than $12,500 worth of common stock in a six-month offering period.

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,	
	2020	2019	2020	2019
Cost of revenue				
Subscription and support	$ 436	$ 399	$ 867	$ 756
Professional services	365	431	790	840
Operating expenses				
Research and development	2,040	1,851	3,623	3,751
Sales and marketing	2,944	2,032	5,680	3,996
General and administrative	9,109	3,800	13,870	7,363
Total	$ 14,894	$ 8,513	$ 24,830	$ 16,706

Stock Options

The following table summarizes the option activity under the Plans for the six months ended June 30, 2020:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
				(in thousands)
Outstanding at December 31, 2019	4,353,167	$ 14.32	5.6	$ 120,714
Granted	—	—		
Forfeited	(45,719)	21.47		
Exercised	(668,220)	14.15		
Outstanding at June 30, 2020	3,639,228	$ 14.26	5.1	$ 142,764
Exercisable at June 30, 2020	3,376,057	$ 13.97	4.9	$ 133,426

Options to purchase Class A common stock generally vest over a three- or four-year period and are generally granted for a term of ten years. The total intrinsic value of options exercised during the six months ended June 30, 2020 and 2019 was $18.9 million and $53.3 million, respectively.

No options were granted during the six months ended June 30, 2020 and 2019. The total fair value of options vested during the six months ended June 30, 2020 and 2019 was approximately $2.5 million and $3.9 million, respectively. Total unrecognized compensation expense of $1.6 million related to options will be recognized over a weighted-average period of one year.

Restricted Stock Units

Restricted stock units granted to employees generally vest over a three- or four-year period in equal, annual installments or with three-year cliff vesting. Restricted stock units granted to non-employee members of our Board of Directors generally have one-year cliff vesting from the date of grant. The recipient of a restricted stock unit award under the Plan will have no rights as a stockholder until share certificates are issued by us, but, at the discretion of our Compensation Committee, has the right to receive a dividend equivalent payment in the form of additional restricted stock units. Additionally, until the shares are issued, they have no voting rights and may not be bought or sold. The fair value for restricted stock units is calculated based on the stock price on the date of grant. The total fair value of restricted stock units vested during the six months ended June 30, 2020 and 2019 was approximately $21.5 million and $6.3 million, respectively.

The following table summarizes the restricted stock unit activity under the Plan for the six months ended June 30, 2020:

	Number of Shares		Weighted-Average Grant Date Fair Value
Unvested at December 31, 2019	3,039,020	$	31.39
Granted	882,672		43.00
Forfeited	(243,540)		37.02
Vested(1)	(671,435)		31.90
Unvested at June 30, 2020	3,006,717	$	35.09

(1) During the six months ended June 30, 2020, in accordance with our Nonqualified Deferred Compensation Plan, recipients of 409,302 shares had elected to defer settlement of the vested restricted stock units and 7,420 shares were released from deferral. This resulted in total deferred units of 939,084 as of June 30, 2020.

Compensation expense associated with unvested restricted stock units is recognized on a straight-line basis over the vesting period. At June 30, 2020, there was approximately $69.9 million of total unrecognized compensation expense related to restricted stock units, which is expected to be recognized over a weighted-average period of 2.6 years.

Employee Stock Purchase Plan

The fair value of each share issued under the ESPP is estimated on the date of grant using the Black-Scholes option-pricing model. Expected volatility is based on the historical volatility of our common stock. The expected term represents the period of time the ESPP purchase rights are expected to be outstanding. The expected term for the ESPP purchase rights approximates the offering period. The risk-free interest rate is based on yields on U.S. Treasury STRIPS (Separate Trading of Registered Interest and Principal of Securities) with a maturity similar to the estimated expected term of the ESPP purchase rights.

The fair value of our ESPP purchase rights was estimated assuming no expected dividends and the following weighted-average assumptions:

	Six months ended June 30,	
	2020	2019
Expected term (in years)	0.5	0.5
Risk-free interest rate	1.5%	2.6%
Expected volatility	40.6%	48.6%

During the six months ended June 30, 2020, 94,020 shares of common stock were purchased under the ESPP at a weighted-average price of $38.93 per share, resulting in cash proceeds of $3.7 million.

Compensation expense associated with ESPP purchase rights is recognized on a straight-line basis over the vesting period. At June 30, 2020, there was approximately $96,000 of total unrecognized compensation expense related to the ESPP, which is expected to be recognized over a weighted-average period of 0.04 years.

8. Revenue Recognition

Disaggregation of Revenue

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Information technology	$ 11,191	$ 10,001	$ 22,281	$ 19,163
Diversified financials	10,700	8,263	20,567	15,701
Consumer discretionary	9,312	8,329	18,749	16,308
Industrials	9,179	8,212	18,403	16,004
Banks	8,454	6,945	16,955	13,623
Healthcare	8,325	6,930	16,745	13,514
Energy	5,557	5,446	11,981	11,090
Other	21,142	19,358	43,980	38,044
Total revenues	$ 83,860	$ 73,484	$ 169,661	$ 143,447

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,	
	2020	2019	2020	2019
Subscription and support	$ 70,696	$ 60,472	$ 139,057	$ 116,595
XBRL professional services	8,313	9,522	21,745	20,932
Other services	4,851	3,490	8,859	5,920
Total revenues	$ 83,860	$ 73,484	$ 169,661	$ 143,447

Deferred Revenue

We recognized $64.1 million and $51.6 million of revenue during the three months ended June 30, 2020 and 2019, respectively, that was included in the deferred revenue balances at the beginning of the respective periods. We recognized $113.0 million and $88.1 million of revenue during the six months ended June 30, 2020 and 2019, 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, 2020, we expect revenue of approximately $296.2 million to be recognized from remaining performance obligations for subscription contracts. We expect to recognize approximately $194.8 million of these remaining performance obligations over the next 12 months, with the balance recognized 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, 2020		June 30, 2019	
	Class A	Class B	Class A	Class B
Numerator				
Net loss	$ (16,257)	$ (3,508)	$ (6,626)	$ (1,696)
Denominator				
Weighted-average common shares outstanding - basic and diluted	39,622,989	8,548,563	36,758,866	9,407,794
Basic and diluted net loss per share	$ (0.41)	$ (0.41)	$ (0.18)	$ (0.18)

	Six months ended			
	June 30, 2020		June 30, 2019	
	Class A	Class B	Class A	Class B
Numerator				
Net loss	$ (24,905)	$ (5,433)	$ (12,523)	$ (3,262)
Denominator				
Weighted-average common shares outstanding - basic and diluted	39,287,647	8,570,981	36,255,515	9,445,044
Basic and diluted net loss per share	$ (0.63)	$ (0.63)	$ (0.35)	$ (0.35)

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, 2020	June 30, 2019
Shares subject to outstanding common stock options	3,639,228	4,957,839
Shares subject to unvested restricted stock units	3,006,717	2,780,345
Shares issuable pursuant to the ESPP	103,231	89,311

Additionally, approximately 4.3 million shares of our Class A common stock underlying the conversion option in the Notes, are not considered in the calculation of diluted net loss per share as the effect would be anti-dilutive. We use the treasury stock method for calculating any potential dilutive effect of the conversion option on diluted net income per share, if applicable. During the six months ended June 30, 2020, the average market price of our Class A common stock did not exceed the conversion price of the Notes of $80.16 per share.

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

The following discussion and analysis of our financial condition and results of our operations should be read in conjunction with the condensed consolidated financial statements and related notes included elsewhere in this report and in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 20, 2020. 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, 2019, 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 provides the world's leading connected reporting and compliance platform, which is used by thousands of public and private companies, government agencies and higher-education institutions. Through our intelligent, cloud-based platform, we offer controlled collaboration, data linking, data integrations, granular permissions, process management and a full audit trail. Our users can connect narrative with their data, which greatly improves insight into their financial, regulatory, management and compliance reports. As of June 30, 2020, 3,512 organizations, including over 75% of Fortune 500® companies, subscribed to our platform.[(1)]

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Wdata, the component of our platform that includes data integration and preparation, enables our customers to connect data from Enterprise Resource Planning (ERP), Governance Risk and Compliance (GRC) and Customer Relationship Management (CRM) platforms as well as other third-party cloud and on-premise systems. Once the data is connected in the Workiva platform, users can automate data and workflow updates, track every change and seamlessly collaborate with colleagues to create trusted reports and regulatory filings.

After users integrate their enterprise systems of record with our platform, many manual steps are removed, thereby improving data integrity throughout the entire reporting process and providing an immutable audit trail. Wdata also enables a broader set of business users to explore complex data at scale and better manage data transformations in the office of the CFO.

Although Workiva solutions are used for dozens of different use cases, we currently focus our sales and marketing resources in four areas: Regulatory Reporting, Non-Regulatory Reporting, Financial Services and Integrated Risk.

We operate our business on a Software-as-a-Service (SaaS) model. Customers enter into quarterly, annual and multi-year subscription contracts to gain access to our platform. Our subscription fee includes the use of our software and technical support. Prior to the third quarter of 2018, our subscription pricing was based primarily on the number of corporate entities, number of users, level of customer support and length of contract. Thereafter, we began converting existing customer orders to, and signing new orders primarily based on, a solution-based licensing model. Under this model, operating metrics related to a customer's expected use of each solution determine the price. At June 30, 2020, over 80% of our subscription revenue was priced on a solution-based licensing model. 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, which becomes a central repository of trusted data, with powerful linking, auditability and control features.

We continue to invest in the development of our solutions, infrastructure and sales and marketing to drive long-term growth. Our full-time employee headcount expanded to 1,646 at June 30, 2020 from 1,421 at June 30, 2019, an increase of 15.8%.

We have achieved significant revenue growth in recent periods. Our revenue grew to $83.9 million and $169.7 million during the three and six months ended June 30, 2020, respectively, from $73.5 million and $143.4 million during the three and six months ended June 30, 2019, respectively. We incurred net losses of $19.8 million and $30.3 million during the three and six months ended June 30, 2020, respectively, compared to $8.3 million and $15.8 million during the three and six months ended June 30, 2019, respectively.

Converting existing customer orders to a solution-based licensing model contributed to the acceleration of growth in our subscription revenue in 2019. This conversion also contributed to the improvement in our subscription and support revenue retention rate including add-ons for the same period. The benefit of this contribution began to wane in the fourth quarter of 2019 and was largely complete as of June 30, 2020. Accordingly, we will need to find new sources of revenue to sustain our growth rate in future periods. To maintain our revenue growth for the longer term, we have been accelerating our investments in talent, processes and technology, particularly for expansion in EMEA, integrated risk, statutory reporting and Wdata. If these investments do not meet our expectations, we may be unable to sustain our revenue growth rate. We expect these investments to increase operating losses in absolute terms and as a percentage of revenue, ahead of any incremental revenue contribution they may generate.

Impact of COVID-19

A pandemic of respiratory disease (abbreviated "COVID-19") began to spread globally, including to the United States, in early 2020. The World Health Organization declared COVID-19 to be a public health emergency of international concern. The full impact of the COVID-19 outbreak is inherently uncertain at the time of this report. The COVID-19 outbreak has resulted in travel restrictions, prohibitions of non-essential activities, disruption and shutdown of certain businesses and greater uncertainty in global financial markets.

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. While we are continuing to monitor the impacts of the CARES Act, and other legislative and regulatory responses to the COVID-19 outbreak, we do not believe it will have a material impact on our business, results of operations, financial condition or liquidity.

We cannot fully predict the extent to which the COVID-19 outbreak will impact our business or operating results, which is highly dependent on inherently uncertain future developments, including the severity and duration of the COVID-19 outbreak and the actions taken by governments and businesses in relation to COVID-19 containment. We have adopted several measures in response to the COVID-19 outbreak, including instructing employees to work from home, restricting non-critical business travel by our employees, and canceling in-person marketing events (including our annual user conference in

September 2020) and replacing them with digital events. Notwithstanding these measures, we have been able to continue to meet the needs of our customers, keeping our platform fully operational and delivering the services contracted by our customers.

As a result of the work and travel restrictions relating to the ongoing COVID-19 outbreak, substantially all of our sales activities are being conducted remotely. While we continue to enter into contracts with new and existing customers, we believe that the COVID-19 outbreak has had a negative impact on our sales activities. We believe a number of customers and prospects have delayed purchasing decisions as result of the COVID-19 outbreak. Furthermore, in response to the COVID-19 outbreak existing and potential customers may ultimately choose to reduce technology spending or attempt to renegotiate contracts and obtain concessions, which could materially and negatively impact our operating results and financial condition. Because our platform is offered as a subscription-based service, the effects of the outbreak may not be fully reflected in our operating results until future periods.

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. Furthermore, converting customer contracts to solution-based licensing typically generates a one-time increase in contract value for each solution.

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

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

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

Add Partners. We continue to expand our relationships with partners, including consulting and advisory firms, technology partners, and implementation partners. Our global partners, including global strategic consulting and advisory firms, identify opportunities for our platform to help companies transform financial reporting and integrated risk processes. We also partner with regional accounting, consulting and implementation partners. These highly skilled regional partners provide subject-matter expertise in the implementation of specific solutions and extend our direct sales force by referring opportunities to us. Technology partners expand the ecosystem of our connected reporting and compliance platform and enable data connections and process integrations to further transform critical business functions, as we capitalize on growing demand for enterprise-wide opportunities. 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 to enhance our current offerings and build new features. In addition, we expect to continue to invest in our sales, marketing, professional services and customer success organizations to drive additional revenue and support the needs of our growing customer base and to take advantage of opportunities that we have identified in EMEA, as well as use cases for integrated risk, global statutory reporting, Wdata and the U.S. federal government. As a result of the COVID-19 pandemic, regulatory authorities may delay the adoption of new regulations and policy mandates, which could adversely impact our business. For example, the Financial Conduct Authority in the United Kingdom (FCA) has set out proposed rule changes to postpone by one year the mandatory European Single Electronic Format (ESEF) requirements for annual financial reporting.

Seasonality. Our revenue from professional services has some degree of seasonality. Many of our customers employ our professional services just before they file their Form 10-K, often in the first calendar quarter. Our sales and marketing expense also has some degree of seasonality. Sales and marketing expense has historically been higher in the third quarter due to our annual user conference in September, although our transition to a virtual event in 2020 is expected to partially mitigate this trend. 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,	
	2020	**2019**	**2020**	**2019**
	(dollars in thousands)			
Financial metrics				
Total revenue	$ 83,860	$ 73,484	$ 169,661	$ 143,447
Percentage increase in total revenue	14.1 %	24.3 %	18.3 %	20.5 %
Subscription and support revenue	$ 70,696	$ 60,472	$ 139,057	$ 116,595
Percentage increase in subscription and support revenue	16.9 %	23.8 %	19.3 %	22.3 %
Subscription and support as a percent of total revenue	84.3 %	82.3 %	82.0 %	81.3 %

	As of June 30,	
	2020	**2019**
Operating metrics		
Number of customers	3,512	3,421
Subscription and support revenue retention rate	94.5%	95.4%
Subscription and support revenue retention rate including add-ons	107.9%	114.5%
Number of customers with annual contract value $100k+	716	558
Number of customers with annual contract value $150k+	342	238

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.

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 94.5% as of June 30, 2020, down modestly from the rate as of June 30, 2019. 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 being acquired or otherwise ceasing to file SEC reports accounted for just under 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 107.9% as of the quarter ended June 30, 2020, down from 114.5% as of June 30, 2019. The decline reflects winding down conversion of customer contracts to solution-based licensing, as well as COVID-related impact on both price increases and solution churn.

Annual contract value. Our annual contract value 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.

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, 2020 and 2019, no single customer represented more than 1% of our revenue, and our largest 10 customers accounted for less than 6% of our revenue in the aggregate.

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

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

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

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

Cost of Revenue

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

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,	
	2020	2019	2020	2019
	(in thousands)			
Revenue				
Subscription and support	$ 70,696	$ 60,472	$ 139,057	$ 116,595
Professional services	13,164	13,012	30,604	26,852
Total revenue	83,860	73,484	169,661	143,447
Cost of revenue				
Subscription and support(1)	12,098	10,202	24,251	20,011
Professional services(1)	10,146	10,475	20,389	20,202
Total cost of revenue	22,244	20,677	44,640	40,213
Gross profit	61,616	52,807	125,021	103,234
Operating expenses				
Research and development(1)	23,508	21,795	46,502	43,806
Sales and marketing(1)	35,270	28,213	71,387	53,578
General and administrative(1)	19,632	11,226	33,080	21,609
Total operating expenses	78,410	61,234	150,969	118,993
Loss from operations	(16,794)	(8,427)	(25,948)	(15,759)
Interest income	655	641	2,361	1,133
Interest expense	(3,563)	(433)	(7,117)	(873)
Other (expense) and income, net	(68)	(111)	650	(283)
Loss before provision for income taxes	(19,770)	(8,330)	(30,054)	(15,782)
(Benefit) provision for income taxes	(5)	(8)	284	3
Net loss	$ (19,765)	$ (8,322)	$ (30,338)	$ (15,785)

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	(in thousands)			
Cost of revenue				
Subscription and support	$ 436	$ 399	$ 867	$ 756
Professional services	365	431	790	840
Operating expenses				
Research and development	2,040	1,851	3,623	3,751
Sales and marketing	2,944	2,032	5,680	3,996
General and administrative	9,109	3,800	13,870	7,363
Total stock-based compensation expense	$ 14,894	$ 8,513	$ 24,830	$ 16,706

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,	
	2020	2019	2020	2019
Revenue				
Subscription and support	84.3 %	82.3 %	82.0 %	81.3 %
Professional services	15.7	17.7	18.0	18.7
Total revenue	100.0	100.0	100.0	100.0
Cost of revenue				
Subscription and support	14.4	13.9	14.3	14.0
Professional services	12.1	14.3	12.0	14.1
Total cost of revenue	26.5	28.2	26.3	28.1
Gross profit	73.5	71.8	73.7	71.9
Operating expenses				
Research and development	28.0	29.7	27.4	30.5
Sales and marketing	42.1	38.4	42.1	37.4
General and administrative	23.4	15.3	19.5	15.1
Total operating expenses	93.5	83.4	89.0	83.0
Loss from operations	(20.0)	(11.6)	(15.3)	(11.1)
Interest income	0.8	0.9	1.4	0.8
Interest expense	(4.2)	(0.6)	(4.2)	(0.6)
Other expense, net	(0.1)	(0.2)	0.4	(0.2)
Loss before provision for income taxes	(23.5)	(11.5)	(17.7)	(11.1)
Provision for income taxes	—	—	0.2	—
Net loss	(23.5)%	(11.5)%	(17.9)%	(11.1)%

Comparison of Three and Six Months Ended June 30, 2020 and 2019

Revenue

	Three months ended June 30,			Six months ended June 30,		
	2020	2019	% Change	2020	2019	% Change
			(dollars in thousands)			
Revenue						
Subscription and support	$ 70,696	$ 60,472	16.9%	$ 139,057	$ 116,595	19.3%
Professional services	13,164	13,012	1.2%	30,604	26,852	14.0%
Total revenue	$ 83,860	$ 73,484	14.1%	$ 169,661	$ 143,447	18.3%

Total revenue increased $10.4 million for the three months ended June 30, 2020 compared to the same quarter a year ago due primarily to a $10.2 million increase in subscription and support revenue. Growth in subscription and support revenue in the second quarter was attributable mainly to strong demand and better pricing for a broad range of use cases, including SEC reporting, global statutory reporting, risk and controls, and financial and managerial reporting. Revenue from professional services was relatively flat for the three months ended June 30, 2020 compared to the same quarter a year ago, owing to a regulatory change by the SEC that required large accelerated filers to use inline XBRL for fiscal periods ending on or after June 15, 2019, which generated additional demand for professional services for the second quarter of 2019. The total number of our customers expanded 2.7% from June 30, 2019 to June 30, 2020.

Total revenue increased $26.2 million for the six months ended June 30, 2020 compared to the same period a year ago due primarily to a $22.5 million increase in subscription and support revenue. Additionally, professional services revenue increased $3.8 million due to additional setup and consulting revenue, and typical organic growth in XBRL professional services, which offset a year-over-year decline in inline XBRL migration revenue.

Cost of Revenue

	Three months ended June 30,			Six months ended June 30,		
	2020	2019	% Change	2020	2019	% Change
			(dollars in thousands)			
Cost of revenue						
Subscription and support	$ 12,098	$ 10,202	18.6%	$ 24,251	$ 20,011	21.2%
Professional services	10,146	10,475	(3.1)%	20,389	20,202	0.9%
Total cost of revenue	$ 22,244	$ 20,677	7.6%	$ 44,640	$ 40,213	11.0%

Cost of revenue increased $1.6 million in the three months ended June 30, 2020 compared to the same quarter a year ago. Subscription and support cost of revenue increased $1.9 million due primarily to $1.8 million in higher cash-based compensation and benefits primarily due to increased headcount. Conversely, professional services cost of revenue decreased $0.3 million due to a reduction in travel expenses as a result of the COVID-19 pandemic. The increase in headcount resulted from our continued investment in and support of our new platform and solutions.

Cost of revenue increased $4.4 million during the six months ended June 30, 2020 compared to the same period a year ago, due primarily to an increase in cash-based compensation and benefits of $4.8 million due to an increase in headcount partially offset by $1.1 million reduction in travel costs due to the COVID-19 pandemic. The increase in headcount was the result of our continued investment in and support of our platform and solutions.

Operating Expenses

	Three months ended June 30,			Six months ended June 30,		
	2020	2019	% Change	2020	2019	% Change
			(dollars in thousands)			
Operating expenses						
Research and development	$ 23,508	$ 21,795	7.9%	$ 46,502	$ 43,806	6.2%
Sales and marketing	35,270	28,213	25.0%	71,387	53,578	33.2%
General and administrative	19,632	11,226	74.9%	33,080	21,609	53.1%
Total operating expenses	$ 78,410	$ 61,234	28.0%	$ 150,969	$ 118,993	26.9%

Research and Development

Research and development expenses increased $1.7 million in the three months ended June 30, 2020 compared to the same quarter a year ago due primarily to $1.9 million in higher cash-based compensation and benefits, as well as an increase in the cost of software and cloud infrastructure services of $0.7 million. These increases were partially offset by $0.9 million reduction in travel costs due to the COVID-19 pandemic. The increases in compensation, software and cloud infrastructure services were the result of our continued investment in and support of our platform and solutions.

Research and development expenses increased $2.7 million in the six months ended June 30, 2020 compared to the same period a year ago due primarily to higher cash-based compensation and benefits of $3.2 million and a $1.0 million increase in the cost of software and cloud infrastructure services. The increases were partially offset by a $1.0 million reduction in travel costs due to the COVID-19 pandemic. The increases in compensation, software and cloud infrastructure services were the result of our continued investment in and support of our platform and solutions.

Sales and Marketing

Sales and marketing expenses increased $7.1 million during the three months ended June 30, 2020 compared to the three months ended June 30, 2019 due primarily to $7.9 million in higher cash-based compensation, benefits and certain one-time severance payments, and an additional $0.9 million in stock-based compensation. These increases were partially offset by a $2.1 million reduction in travel costs due to the COVID-19 pandemic. Headcount in sales and marketing increased 28.5% in the quarter ended June 30, 2020 compared to the same quarter a year ago. We expect to continue our investments in sales and marketing to help drive revenue growth.

Sales and marketing expenses increased $17.8 million during the six months ended June 30, 2020 compared to the same period a year ago due primarily to $16.8 million higher cash-based compensation and benefits, an additional $1.7 million in stock-based compensation, $0.7 million in professional services and $0.6 million in software expense. These increases were partially offset by $2.0 million in savings gained from reduced travel by our sales and marketing employees due to the COVID-19 pandemic. The increase in cash and stock-based compensation was due to an increase in employee headcount. Both the increase in professional service fees for consulting and recruiting services, and the increase in software expense for software related to recruitment, supported our continued investment in expanding our international sales force.

General and Administrative

General and administrative expenses increased $8.4 million during the three months ended June 30, 2020 compared to the three months ended June 30, 2019 due primarily to $2.5 million in higher cash-based compensation and benefits and $5.2 million in additional stock-based compensation. In the second quarter of 2020, we recorded an additional $1.2 million and $4.9 million of cash-based and equity-based compensation, respectively, pursuant to separation agreements with former executives. We also recorded an additional $0.6 million in fees related to the cancellation of certain events. The remaining increase in personnel-related costs was driven primarily by a rise in headcount. Headcount in general and administrative increased 21.8% compared to the same quarter a year ago.

General and administrative expenses increased $11.5 million during the six months ended June 30, 2020 compared to the same period a year ago. This increase was due primarily to $3.0 million in higher cash-based compensation, benefits and travel, an additional $6.4 million in stock-based compensation, and $1.5 million in software and maintenance expense. In the second quarter of 2020, we recorded an additional $1.2 million and $4.9 million of cash-based and equity-based compensation, respectively, pursuant to certain separation agreements with former executives. We also recorded an additional $0.6 million in fees related to the cancellation of certain events. The remaining increase in personnel-related costs was driven primarily by an increase in employee headcount.

Non-Operating Income (Expenses)

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	(dollars in thousands)			
Interest income	$ 655	$ 641	$ 2,361	$ 1,133
Interest expense	(3,563)	(433)	(7,117)	(873)
Other (expense) and income, net	(68)	(111)	650	(283)

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

During the three months ended June 30, 2020, interest expense increased $3.1 million compared to the same time period in the prior year due to interest incurred on our senior convertible notes. Interest income and other income and (expense), net remained consistent with the same quarter a year ago.

During the six months ended June 30, 2020, interest income increased $1.2 million compared to the same period in the prior year due to increased amounts in our investment accounts. Interest expense increased $6.2 million during the same time period due to the interest incurred on our senior convertible notes. Other (expense) and income, net increased $0.9 million compared to the same period a year ago due primarily to gains on foreign currency transactions.

Liquidity and Capital Resources

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	(in thousands)			
Cash flow provided by operating activities	$ 7,113	$ 18,763	$ 11,862	$ 23,882
Cash flow used in investing activities	(4,165)	(8,093)	(1,364)	(24,685)
Cash flow provided by financing activities	5,604	5,197	10,359	17,717
Net increase in cash and cash equivalents, net of impact of exchange rates	$ 8,687	$ 15,977	$ 20,379	$ 17,129

As of June 30, 2020, our principal sources of liquidity were cash, cash equivalents and marketable securities totaling $508.6 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.

We filed a universal shelf registration statement on Form S-3 with the SEC, which became effective August 10, 2017. Under the shelf registration statement, we may offer and sell, from time to time in the future in one or more public offerings, our Class A common stock, preferred stock, debt securities, warrants, rights and units. The aggregate initial offering price of all securities sold by us under the shelf registration statement will not exceed $250.0 million.

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.

Operating Activities

For the three months ended June 30, 2020, cash provided by operating activities was $7.1 million. The primary factors affecting our operating cash flows during the period were our net loss of $19.8 million, adjusted for non-cash charges of $1.1 million for depreciation and amortization of our property and equipment and intangible assets, $14.9 million of stock-based compensation expense, $2.2 million for the amortization of our debt discount and issuance costs and a $8.3 million net change in operating assets and liabilities. The primary drivers of the changes in operating assets and liabilities were a $3.8 million decrease in accounts receivable and a $13.7 million increase in accrued expenses and other liabilities partially offset by a $2.2 million increase in deferred commissions, a $0.9 million increase in prepaid expenses, a $1.7 million decrease in accounts payable, and a $3.6 million decrease in deferred revenue. The decrease in deferred revenue was due primarily to amounts excluded at June 30, 2020 related to contracts posing higher credit risk related to COVID-19. Deferred commissions increased due primarily to payments made to our sales force related to the direct and incremental costs of obtaining a customer contract. Decreases in accounts receivable and accounts payable, as well as the increase in accrued expenses and other liabilities, were attributable primarily to the timing of our billings, cash collections, and cash payments. The increase in prepaid expenses was due primarily to the timing of payments relating to annual contracts.

For the three months ended June 30, 2019, cash provided by operating activities was $18.8 million. The primary factors affecting our operating cash flows during the period were our net loss of $8.3 million, adjusted for non-cash charges of $1.0 million for depreciation and amortization of our property and equipment and intangible assets, $8.5 million of stock-based compensation expense, and a $17.4 million net change in operating assets and liabilities. The primary drivers of the changes in operating assets and liabilities were a $3.1 million decrease in accounts receivable, a $8.3 million increase in deferred revenue, a $9.0 million increase in accrued expenses and other liabilities and a $1.2 million increase in accounts payable partially offset by a $3.8 million increase in deferred commissions. Customer growth and contract renewals for longer terms accounted for most of the increase in deferred revenue. We offer limited incentives for customers to enter into contract terms for more than one year. Deferred commissions increased due primarily to payments made to our sales force related to the direct and incremental costs of obtaining a customer contract. The decrease in accounts receivable and the increases in accounts payable 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, 2020, cash provided by operating activities was $11.9 million. The primary factors affecting our operating cash flows during the period were our net loss of $30.3 million, adjusted for non-cash charges of $2.3 million for depreciation and amortization of our property and equipment and intangible assets, $24.8 million of stock-based compensation expense, $4.4 million for the amortization of our debt discount and issuance costs and a $10.2 million net change in operating assets and liabilities. The primary drivers of the changes in operating assets and liabilities were an $18.1 million decrease in accounts receivable and a $5.7 million increase in accrued expenses and other liabilities partially offset by a $1.6 million increase in deferred commissions, a $2.8 million increase in prepaid expenses, a $3.1 million decrease in accounts payable, and a $4.9 million decrease in deferred revenue. The decrease in deferred revenue was due primarily to amounts excluded at June 30, 2020 related to contracts posing higher credit risk related to COVID-19. Deferred commissions increased due to payments made to our sales force related to the direct and incremental costs of obtaining a customer contract. Decreases in accounts receivable and accounts payable and the increase in accrued expenses and other liabilities were attributable primarily to the timing of our billings, cash collections, and cash payments. The increase in prepaid expenses was due primarily to timing of payments relating to annual contracts.

For the six months ended June 30, 2019, cash provided by operating activities was $23.9 million. The primary factors affecting our operating cash flows during the period were our net loss of $15.8 million, adjusted for non-cash charges of $1.9 million for depreciation and amortization of our property and equipment and intangible assets, $16.7 million of stock-based compensation expense, and a $21.2 million net change in operating assets and liabilities. The primary drivers of the changes in operating assets and liabilities were a $10.3 million increase in deferred revenue, a $4.4 million increase in accrued expenses and other liabilities, and an $18.0 million decrease in accounts receivable partially offset by a $5.9 million increase in deferred commissions, a $3.5 million increase in prepaid expenses and a $1.4 million increase in other assets. Customer growth and contract renewals for longer terms accounted for most of the increase in deferred revenue. The increase in deferred commissions was primarily due to payments made to our sales force related to the direct and incremental costs of obtaining a customer contract. The increase in accrued expenses and other liabilities and decrease in accounts receivable were primarily attributable to the timing of our billings, cash collections, and cash payments. The increases in other assets and prepaid expenses was attributable primarily to timing of payments relating to cloud infrastructure services and our annual user conference.

Investing Activities

Cash used in investing activities of $4.2 million for the three months ended June 30, 2020 was due primarily to $16.5 million in purchases of marketable securities and $0.7 million of capital expenditures partially offset by $13.1 million from maturities of marketable securities. Our capital expenditures were associated primarily with computer equipment in support of expanding our infrastructure and workforce.

Cash used in investing activities of $8.1 million for the three months ended June 30, 2019 was due primarily to $18.6 million in purchases of marketable securities, $0.5 million of capital expenditures and $0.6 million in purchases of intangible assets partially offset by $11.5 million from maturities of marketable securities. Our capital expenditures were associated primarily with computer equipment in support of expanding our workforce.

Cash used in investing activities of $1.4 million for the six months ended June 30, 2020 was due primarily to $37.3 million in purchases of marketable securities and $1.4 million of capital expenditures partially offset by $26.0 million from maturities of marketable securities as well as 11.4 million from the sale of marketable securities. Our capital expenditures were associated primarily with computer equipment in support of expanding our infrastructure and workforce.

Cash used in investing activities of $24.7 million for the six months ended June 30, 2019 was due primarily to $40.7 million in purchases of marketable securities, $2.2 million in capital expenditures and $0.7 million in purchases of intangible assets partially offset by proceeds of $18.9 million from maturities of marketable securities. Our capital expenditures were associated primarily with computer and technology purchases in support of expanding our workforce.

Financing Activities

Cash provided by financing activities of $5.6 million for the three months ended June 30, 2020 was due primarily to $6.7 million in proceeds from option exercises partially offset by $0.7 million in taxes paid related to net share settlements of stock-based compensation awards.

Cash provided by financing activities of $5.2 million for the three months ended June 30, 2019 was due primarily to $5.5 million in proceeds from option exercises.

Cash provided by financing activities of $10.4 million for the six months ended June 30, 2020 was due primarily to $9.5 million in proceeds from option exercises and $3.7 million in proceeds from shares issued in connection with our employee stock purchase plan partially offset by $2.1 million in taxes paid related to net share settlements of stock-based compensation awards and 0.6 million in payments on financing obligations.

Cash provided by financing activities of $17.7 million for the six months ended June 30, 2019 was due primarily to $16.6 million in proceeds from option exercises and $2.1 million in proceeds from shares issued in connection with our employee stock purchase plan partially offset by $0.4 million in taxes paid related to the net share settlements of stock-based compensation awards and $0.6 million in payments on financing obligations.

Contractual Obligations and Commitments

There were no material changes in our contractual obligations and commitments from those disclosed in the Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on February 20, 2020.

Off-Balance Sheet Arrangements

During all periods presented, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. As a result, we are not exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in those types of relationships.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. U.S. GAAP. 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, 2020, 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, 2019 filed with the SEC on February 20, 2020.

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, 2019. Our exposures to market risk have not changed materially since December 31, 2019.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our principal executive officer and principal financial officer, our management conducted an evaluation of 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 Exchange Act, as of the end of the period covered by this report. Our disclosure controls and procedures are intended 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 Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

In designing and evaluating our disclosure controls and procedures, management recognizes that any disclosure 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 must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on management’s evaluation, our principal executive officer and principal financial officer concluded that 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 Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during our most recently completed fiscal quarter. Based on that evaluation, our principal executive officer and principal financial officer concluded that there has not been any material change in our internal control over financial reporting during the quarter covered by this report that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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 2019 Annual Report on Form 10-K, which could materially affect our business, financial condition or future results. Other than the items noted below, there have been no material changes during fiscal 2020 to the risk factors that were included in the Form 10-K.

The COVID-19 pandemic has adversely impacted our business, and its ultimate impact on our business and financial results will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental authorities in response to the pandemic.

The COVID-19 pandemic has significantly impacted the global economy, disrupted global supply chains and created significant volatility and disruption in financial markets, and increased unemployment levels. While it remains a developing situation, the pandemic and any quarantines, interruptions in travel and business disruptions with respect to us, our customers or partners have had and will continue to have an impact on our business. Although we are continuing to monitor and assess the effects of the COVID-19 pandemic, the ultimate impact of the COVID-19 pandemic on our business remains highly uncertain and will depend on certain developments, including the duration and spread of the outbreak, impact on our customers and our sales cycles, and effect on our vendors, all of which are uncertain and cannot be predicted.

As a result of the work and travel restrictions related to the ongoing COVID-19 outbreak, substantially all of our sales activities are being conducted remotely. While we continue to enter into contracts with new and existing customers, we believe that the COVID-19 outbreak has had a negative impact on our sales activities. It is difficult to quantify the extent of the negative impact on our ability to attract, retain or upsell customers. Furthermore, existing and potential customers may choose to reduce or delay technology spending in response to the COVID-19 outbreak, or attempt to renegotiate contracts and obtain concessions, which may materially and negatively impact our operating results and financial condition. Because our platform is offered as a subscription-based service, the effect of the outbreak may not be fully reflected in our operating results until future periods, if at all.

Furthermore, the COVID-19 pandemic and measures taken to reduce its spread may affect other aspects of our business, including:

- an economic downturn generally, and a decrease in short- or long-term demand for our software specifically, as a result of widespread business shutdowns or slowdowns;
- more difficult and more expensive travel for our employees, partners and customers, ultimately affecting the sales of our software and services;
- deterioration of financial markets leading to negative impacts on our investment portfolio;

- increased volatility in our industry due to heightened uncertainty;
- the increase in business failures among businesses that we serve;
- our customers' ability to pay for our products and services;
- our ability to attract, retain or upsell customers, including as a result of our employees working remotely and/or closures of offices and facilities; and
- delays in the adoption of new regulations and policy mandates or changes to existing regulations and policy mandates, such as any potential delays in the ESEF Inline XBRL mandate.

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

Our quarterly results of operations, including the levels of our revenue, gross margin, profitability, cash flow and deferred revenue, may vary significantly in the future, and period-to-period comparisons of our operating results may not be meaningful. Accordingly, the results of any one quarter should not be relied upon as an indication of future performance. Our quarterly financial results may fluctuate as a result of a variety of factors, many of which are outside of our control, and therefore, may not fully reflect the underlying performance of our business. Fluctuations in quarterly results may negatively impact the value of our Class A common stock. Factors that may cause fluctuations in our quarterly financial results include, without limitation, those listed below:

- our ability to attract new customers in multiple regions around the world;
- the addition or loss of large customers, including through acquisitions or consolidations;
- the timing of recognition of revenue;
- the amount and timing of operating expenses related to the maintenance and expansion of our business, operations and infrastructure;
- network outages, security breaches, technical difficulties or interruptions with our services;
- general economic, industry and market conditions, both domestically and internationally, including any economic downturns and adverse impacts resulting from the ongoing COVID-19 pandemic;
- customer renewal rates;
- pricing changes upon any renewals of customer agreements;
- the pace of transition of customers from seat-based licensing to solution-based licensing;
- changes in our pricing policies or those of our competitors;
- the mix of solutions sold during a period;
- seasonal variations in sales of our solutions;
- seasonal variations in the delivery of our services;
- the timing and success of new product and service introductions by us or our competitors or any other change in the competitive dynamics of our industry, including consolidation among competitors, customers or strategic partners;
- the announcement or adoption of new regulations and policy mandates or changes to existing regulations and policy mandates;
- changes in foreign currency exchange rates;

- future accounting pronouncements or changes in our accounting policies;
- the timing of expenses related to the development or acquisition of technologies or businesses and potential future charges for impairment of goodwill from acquired companies; and
- unforeseen litigation and intellectual property infringement.

Any failure or interruptions in the internet infrastructure, bandwidth providers, data center providers, other third parties or our own systems for providing our solutions to customers could negatively impact our business.

Our ability to deliver our solutions is dependent on the development and maintenance of the internet and other telecommunications services by third parties. Such services include maintenance of a reliable network backbone with the necessary speed, data capacity and security for providing reliable internet access and services and reliable telecommunications systems that connect our operations. While our solutions are designed to operate without interruption, we may experience interruptions and delays in services and availability from time to time. For example, the rapid spread of COVID-19 globally in early 2020 has resulted in travel restrictions and in some cases, prohibitions of non-essential travel, disruption and shutdown of third party providers' businesses. We rely on systems as well as third-party vendors, including data center, bandwidth, and telecommunications equipment providers, to provide our solutions. We do not maintain redundant systems or facilities for some of these services. In the event of a catastrophic event with respect to one or more of these systems or facilities, we may experience an extended period of system unavailability, which could negatively impact our relationship with our customers.

Because our platform is offered on a subscription basis, we are required to recognize revenue for it over the term of the subscription. As a result, downturns or upturns in sales may not be immediately reflected in our operating results.

We generally recognize subscription and support revenue from customers ratably over the terms of their subscription agreements, which are typically on a quarterly or annual cycle and automatically renew for additional periods. As a result, a substantial portion of the revenue we report in each quarter will be derived from the recognition of deferred revenue relating to subscription agreements entered into during previous quarters. Consequently, a decline in new or renewed subscriptions in any one quarter may not be immediately reflected in our revenue results for that quarter. Such a decline, however, would negatively affect our revenue in future quarters. Accordingly, the effect of any significant downturns in sales and market acceptance of our solutions and potential changes in our rate of renewals, including changes as a result of the ongoing COVID-19 pandemic, may not be fully reflected in our results of operations until future periods. Our subscription model also makes it difficult for us to rapidly increase our subscription revenue through additional sales in any period, as revenue from new customers must be recognized over the applicable subscription term. In addition, we may be unable to adjust our cost structure to reflect the changes in revenue, which could adversely affect our operating results.

We cannot accurately predict subscription renewal or upgrade rates and the impact these rates may have on our future revenue and operating results.

Our business depends substantially on customers renewing their subscriptions with us and expanding their use of our services. Our customers have no obligation to renew their subscriptions for our services after the expiration of their initial subscription period. While we have historically maintained a subscription and support revenue retention rate of greater than 94%, we may be unable to maintain this historical rate and we may be unable to accurately predict our subscription and support revenue retention rate. In addition, our customers may renew for shorter contract lengths, lower prices or fewer users. We cannot accurately predict new subscription or expansion rates and the impact these rates may have on our future revenue and operating results. Our renewal rates may decline or fluctuate as a result of a number of factors, including customer dissatisfaction with our service, customers' ability to continue their operations and spending levels and deteriorating general economic conditions. Furthermore, the ongoing COVID-19 pandemic may impact our customers' ability to renew their subscriptions for our service or pay us in accordance with their current subscriptions. If our customers do not renew their subscriptions for our service, purchase fewer solutions at the time of renewal, or negotiate a lower price upon renewal, our revenue will decline and our business will suffer. Our future success also depends in part on our ability to sell additional solutions and services, more subscriptions or enhanced editions of our services to our current customers, which may also require increasingly sophisticated and costly sales efforts that are targeted at senior management. If our efforts to sell additional solutions and services to our customers are not successful, our growth and operations may be impeded. In addition, any decline in our customer renewals or failure to convince our customers to broaden their use of our services would harm our future operating results.

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

Our business depends on the overall demand for technology and on the economic health of our current and prospective customers. Global financial developments, downturns and global health crises or pandemics may harm us, including disruptions or restrictions on our employees' ability to work and travel. In general, weakened global economic conditions, including those from the ongoing COVID-19 pandemic, make it difficult for our customers, prospective customers and us to forecast and plan future business activities accurately. These conditions could cause our customers or prospective customers to reevaluate their decision to purchase our solutions. Weak global economic conditions or a reduction in technology spending even if conditions improve, could adversely impact our business, financial condition and results of operations in a number of ways, including longer sales cycles, lower prices for our solutions, reduced bookings and lower or no growth.

Our sales cycle is unpredictable. As more of our sales efforts are targeted at larger enterprise customers, our sales cycle may become more time-consuming and expensive, and we may encounter pricing pressure, which could harm our business and operating results.

The cost and length of our sales cycle varies by customer and is unpredictable. As we target more of our sales efforts at selling additional solutions to larger enterprise customers, we may face greater costs, longer sales cycles and less predictability in completing some of our sales. These types of sales often require us to provide greater levels of education regarding the use and benefits of our service. In addition, larger customers may demand more document setup services, training and other professional services. As a result of these factors, these sales opportunities may require us to devote greater sales support and professional services resources to individual customers, driving up costs and time required to complete sales and diverting sales and professional services resources to a smaller number of larger transactions. Furthermore, as a result of the ongoing COVID-19 pandemic, many enterprises have limited travel and in person meetings and implemented other restrictions that could make the sales process more lengthy and difficult.

Sales to customers outside the United States expose us to risks inherent in international sales.

A key element of our growth strategy is to expand our international operations and develop a worldwide customer base. A growing portion of our revenue is from customers headquartered outside the United States. Operating in international markets requires significant resources and management attention and subjects us to regulatory, economic and political risks that are different from those in the United States. Because of our limited experience with international operations, our international expansion efforts may not be successful in creating additional demand for our solutions outside of the United States or in effectively selling subscriptions to our solutions in all of the international markets we enter. In addition, we face risks in doing business internationally that could adversely affect our business, including:

- the need to localize and adapt our solutions for specific countries, including translation into foreign languages and associated expenses;
- increased management, travel, infrastructure, legal compliance and regulation costs associated with having multiple international operations;
- sales and customer service challenges associated with operating in different countries;
- data privacy laws that require customer data to be stored and processed in a designated territory;
- inadequate local infrastructure and difficulties in staffing and managing foreign operations;
- different pricing environments, longer sales cycles and longer accounts receivable payment cycles and collections issues;
- new and different sources of competition;
- weaker protection for intellectual property and other legal rights than in the United States and practical difficulties in enforcing intellectual property and other rights outside of the United States;
- laws and business practices favoring local competitors;
- compliance challenges related to the complexity of multiple, conflicting and changing governmental laws and regulations, including employment, tax, privacy and data protection laws and regulations;
- increased financial accounting and reporting burdens and complexities;
- restrictions on the transfer of funds;
- an uncertain trade environment;
- adverse tax consequences;
- unstable regional and economic political conditions;
- changes in the public perception of governments in the regions where we operate or plan to operate;
- liquidity issues or political actions by sovereign nations, including nations with a controlled currency environment, which could result in decreased values of these balances or potential difficulties protecting our foreign assets or satisfying local obligations;
- delays resulting from difficulty in obtaining export licenses for certain technology, tariffs, quotas and other trade barriers;
- issues resulting from operations in locations with a higher incidence of corruption and fraudulent business practices; and
- natural disasters, acts of war, terrorism, security breaches, pandemics or other health crises, including the ongoing COVID-19 pandemic.

Currently, some of our international contracts are denominated in local currencies; however, the majority of our local costs are denominated in local currencies. We anticipate that over time, an increasing portion of our international contracts may be denominated in local currencies. Therefore, fluctuations in the value of the United States dollar and foreign currencies may impact our operating results when translated into United States dollars. We do not currently engage in currency hedging activities to limit the risk of exchange rate fluctuations.

Some of our third-party business partners have international operations and are also subject to these risks and if our third-party business partners are unable to appropriately manage these risks, our business may be harmed. If sales to any of our customers outside of the United States are reduced, delayed or canceled because of any of the above factors, our revenue may decline

Item 2. Unregistered Sales of Securities and Use of Proceeds

Sales of Unregistered Securities

Not applicable.

Use of Proceeds from Public Offerings of Common Stock

There has been no material change in the planned use of proceeds from our initial public offering as described in our final prospectus filed with the SEC pursuant to Rule 424(b) under the Securities Act on December 12, 2014.

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, 2020 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 2020	17,794	$ 33.51	—	—
May 2020	3,048	$ 44.54	—	—
June 2020	—	—	—	—
Total	20,842	$ 35.12	—	—

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

Item 6. Exhibits

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

Exhibit Number	Description
10.1	Separation Agreement and Release, dated April 9, 2020, between the Company and Scott Ryan, incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 13, 2020.
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, 2020 formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statements of Comprehensive Loss, (iv) the Consolidated Statements of Changes in Stockholders Equity (Deficit), (v) the Condensed Consolidated Statements of Cash Flows, and (vi) Notes to the Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 4th day of August, 2020.

WORKIVA INC.

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

CERTIFICATION UNDER SECTION 302 OF THE

SARBANES-OXLEY ACT OF 2002

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

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

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

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

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

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

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

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

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

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

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

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

August 4, 2020	/s/ Martin J. Vanderploeg, Ph.D. Martin J. Vanderploeg, Ph.D. President and Chief Executive Officer (Principal Executive Officer)

CERTIFICATION UNDER SECTION 302 OF THE

SARBANES-OXLEY ACT OF 2002

I, J. Stuart Miller, 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 4, 2020

/s/ J. Stuart Miller
J. Stuart Miller
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

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

I, Martin J. Vanderploeg, 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, 2020 (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 4, 2020

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

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

I, J. Stuart Miller, Chief Financial 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, 2020 (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 4, 2020

/s/ J. Stuart Miller
J. Stuart Miller
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)