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Eventbrite, Inc. (EB)

Q2 2024 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon, everyone, and welcome to the Eventbrite, Inc. Second Quarter 2024 Earnings Conference Call. At this time, all participants have been placed on a listen-only mode, and we will open the floor for your questions and comments after the presentation.

It is now my pleasure to turn the floor over to your host, Katie Pickett. Ma'am, the floor is yours.

Katie Pickett

Senior Manager-Corporate Finance, Eventbrite, Inc.

Good afternoon, and welcome to Eventbrite's second quarter 2024 earnings call. My name is Katie Pickett, Investor Relations. With us today are Julia Hartz, our Co-Founder and Chief Executive Officer; and Lanny Baker, our Chief Operating and Financial Officer. As a reminder, this conference call is being recorded and will be available for replay on Eventbrite's Investor Relations website at investor.eventbrite.com. Please also refer to our Investor Relations website to find our Shareholder Letter announcing our financial results, which was released prior to the call.

Before we get started, I would like to remind you that during today's call we'll be making forward-looking statements regarding future events and financial performance. We caution that such statements reflect our best judgment as of today, August 8, based on the factors that are currently known to us, and that actual future events or results could differ materially due to several factors, many of which are beyond our control. For a more detailed discussion of the risks and uncertainties affecting our future results, we refer you to the section titled Forward-Looking Statements in our Shareholder Letter and our filings with the SEC. We undertake no obligation to update any forward-looking statements made during the call to reflect events or circumstances after today, or to reflect new information or the occurrence of unanticipated events, except as required by law.

During this call, we'll present adjusted EBITDA and adjusted EBITDA margin, which are non-GAAP financial measures. These non-GAAP financial measures are not prepared in accordance with Generally Accepted Accounting Principles and have limitations as an analytical tool. You should not consider them in isolation or as a substitute for analysis of our results of operations as reported under GAAP. A reconciliation to the most directly comparable GAAP financial measure is available in our Shareholder Letter. We encourage you to read our Shareholder Letter, which contains important information about GAAP and non-GAAP results.

And with that, I'll now turn the call over to Julia.

Julia D. Hartz

Co-Founder, Chief Executive Officer & Chair of the Board, Eventbrite, Inc.

Thank you, Katie. And welcome everyone to our call. In the second quarter, we delivered results that were in line with our outlook. Revenue grew 7% year-over-year to \$84.6 million. Excluding nonroutine items, adjusted EBITDA was \$8.5 million, representing just over 10% of revenue. While we've made good progress toward our consumer growth strategy, we've encountered some challenges with our new creator pricing model that are impacting our short-term performance. In Q2, we saw a 9% decline in paid tickets and a 16% drop in total tickets.

Digging deeper into these challenges, we've identified that the pricing model and organizer fees introduced last year are the primary factors affecting our paid ticket performance. Specifically, these changes have led to a reduction in creator count and ticket volume. While our initial approach was based on thorough research, the real-world results have provided valuable insights that are now shaping our response. We've learned that our creators are more willing to pay when they see a clear connection between our pricing and their event success on Eventbrite. In response, we're in the midst of refining our approach.

This month, we're rolling out new pricing, packaging and streamlined event creation flows that directly address the insights we've gathered. The latter of these improvements is already showing promise. Our new, more intuitive event creation process is making it easier for creators to get started on Eventbrite. Additionally, our recent win back campaign demonstrates the effectiveness of our renewed focus on creator needs, bringing over 140,000 paid tickets back to the platform in Q2 alone.

Looking ahead, we're taking a two-pronged approach to address our creators' diverse needs. Next month, we're reintroducing a free tier with no marketplace fees. We believe this change will help us attract new creators and reconnect with those who have left due to pricing concerns. While we anticipate these improvements will help stabilize our paid ticket volume, we recognize that this is just one step in our broader strategy.

In parallel, we're developing a premium marketplace tier that will offer enhanced event visibility, incentives and support, tailored to driving growth for creators. With 35,000 creators currently subscribed to our Pro plan, we've identified a solid base of customers who value and are willing to pay for premium features. We plan to reward these creators with increased visibility in our marketplace and demand generation tools.

This data-driven adjustment aligns more closely with what our creators want and need. And we're making these changes with the goal of regaining momentum in ticket sales, improving creator retention and driving sustainable growth. While we realize the impact of these changes will take time to materialize, we remain committed to continuously learning and adapting our approach to best serve our creator community. By listening to our users and adapting quickly, we're positioning Eventbrite for long-term success in our dynamic market.

The revised revenue outlook for the year has led us to make a difficult, but necessary decision to reduce our team size. We expect that this restructuring will result in annualized operating expense savings of \$30 million by the

end of the third quarter. While this decision was not taken lightly, it's a crucial step to maintain our profitability and position Eventbrite for agility as we work to revitalize ticket volume and revenue growth. We fully recognize the impact this has on our team members, and we deeply appreciate their dedication, especially during this phase of our transition.

While recognizing these hurdles, we're also focused on the future. Our commitment to our long-term vision remains strong, allowing us to continue making progress on our core strategic priorities, strengthening the consumer experience and growing the network, attracting and promoting events that drive audience engagement, and offering monetizable tools to our creators to help them grow their businesses.

On the consumer front, we've seen strong growth in engagement. Our mobile app users increased by 22% year-over-year, contributing to a total of 93 million monthly average users across web and mobile platforms. Improved personalization led to a 17% increase in search and discovery usage, engaging 10 million more consumers in Q2. Our new TikTok partnership is already generating over 100 million daily impressions, expanding our reach beyond Eventbrite's own platforms. These consumer side gains reinforce our strategy and validate our investments as they directly benefit our creators and strengthen our marketplace ecosystem.

To bring more compelling event inventory into our marketplace, our sales team is focused on acquiring the right customers, who attract bigger audiences, and our product team is driving innovation to expand the types of creators we can serve. Bookings of new large creators such as MEGA Events and Unicorn World continue to pace well ahead of 2023, with nearly 60% growth in sales bookings in Q2.

During the third quarter, we plan to move our timed entry tools out of beta into wide release, allowing creators of experiences with time slot ticketing, such as tours and museums, to participate in our marketplace and open up considerable new market opportunities. To drive audience growth and improve event discovery, we plan to introduce an improved mobile app experience this fall. The mobile app has proven to be the best tool to develop a relationship with Eventbrite consumer audiences as it offers a much more engaging experience.

We've successfully diversified our revenue through Eventbrite Ads, which enables creators to expand their audience reach. In Q2, Eventbrite Ads revenue reached \$2.9 million, more than doubling year-over-year. The service attracted over 19,500 advertisers, a 20% increase from Q1, marking record growth.

Ads are proving valuable beyond direct revenue. About 25% of ads promote free events, which improves overall monetization. Creators using ads show 27% higher revenue per creator, and ads users demonstrate 10% to 20% higher retention rates and increased engagement. Given these positive trends, we see Eventbrite Ads as a promising area for continued growth and enhancement of creator value.

We're also announcing two key executive appointments to continue to drive our transformation. Lanny Baker, who has served as Eventbrite's Chief Financial Officer since 2019, will take on the expanded role of Chief Operating and Financial Officer. Lanny will oversee Eventbrite's global sales, success and support, as well as the operations teams, which are fundamental to the vibrance of our marketplace and the long-term growth of our business. Lanny will continue to lead the company's global finance function, where he's helped build a highly capable and talented team.

Also, I'm pleased to welcome Samantha Wu, who will join Eventbrite as our Chief Marketing Officer starting in early September. Samantha most recently served as Chief Marketing Officer of Braintrust and previously held marketing leadership roles at Facebook, Visa and American Express. She brings more than two decades of

award-winning full-stack marketing experience to Eventbrite and a fresh new perspective as we embark upon the next chapter of growth for the company.

Finally, I want to thank our outgoing CMO, Tamara Mendelsohn, for her exceptional contributions over the past 15 years. Tamara's leadership has been instrumental in shaping Eventbrite's brand and fostering a vibrant company culture. Tamara's impact on Eventbrite's success and dedication to empowering customers all over the world will leave a lasting legacy.

As we transition to Lanny's remarks, I want to reaffirm our commitment to our core strategy and our confidence in Eventbrite's future. We operate in a large growing market with high-intent frequent users, and our platform delivers significant value to hundreds of thousands of creators. We believe our strategy is sound and adaptable to market dynamics. We have a talented, dedicated team driving our initiatives forward, and our recent adjustments demonstrate our ability to listen, learn and evolve.

By focusing on creator success, consumer engagement and continuous innovation, we're striving to position Eventbrite to capture the substantial opportunities in our market. We're not just navigating current headwinds, we believe we're building a stronger, more resilient company for the long term. We're energized by the opportunities before us and ready to realize Eventbrite's full potential.

With that, I'll turn it over to Lanny to walk you through our second quarter results in more detail and our outlook for the year. Lanny?

Charles C. Baker

Chief Operating and Financial Officer, Eventbrite, Inc.

Thank you, Julia. Second quarter revenue of \$84.6 million was toward the lower end of our outlook range. Organizer fees and advertising revenue grew significantly in the quarter. However, ticketing revenue, which constitutes the majority of our revenue, was softer than we anticipated, down 4% year-to-year. A contraction in our creator count related to the implementation of organizer fees is weighing on ticket performance.

Paid creators were down 7% compared to a year ago, 177,000 versus 189,000. Events per creator edged up slightly year-over-year and paid tickets per event averaged 40 this quarter compared to 41 a year ago. That reflects a slight mix shift to smaller events. All of that put paid tickets at \$21.2 million for the quarter, down 9% year-to-year and below the trajectory we had anticipated going into the second half.

Tying back to ticketing revenue, the paid ticket volume decline was partially offset by a higher average ticket price and higher take rate in the quarter. Overall, revenue per ticket was \$3.98 compared to \$3.39 last year. Revenue take rate was 10.1% compared to 8.9% in the year ago period. The increased contribution from marketplace revenue improved unit economics and monetization, leading to a 71% gross margin in the quarter.

Total operating expenses were \$66.4 million in the second quarter, compared to \$61 million in the second quarter a year ago. Current quarter operating expenses included a \$4.4 million benefit from a legal settlement that was recorded in general and administrative costs. Excluding that, total operating expenses were \$70.7 million in Q2. Product development and general and administrative costs were down slightly from Q1 to Q2, excluding the legal item just noted. Sales, marketing and support expenses were \$24.5 million in Q2, up from \$21 million in Q1, reflecting higher chargeback expenses and investments in our sales team.

As reported, adjusted EBITDA was \$12.8 million for the quarter. However, that result includes the \$4 million benefit from legal settlement. Excluding that benefit, adjusted EBITDA was \$8.5 million for the second quarter,

representing a 10% margin on an operating basis. Net income was \$1.1 million for the quarter compared to a \$3 million net loss one year ago.

Turning to the balance sheet. Cash and cash equivalents were \$576 million at the end of Q2, down slightly from \$580 million in the prior quarter. Eventbrite's available liquidity, as defined in our Shareholder Letter, was \$353 million at June, and long-term debt was \$358 million. In the first six months of the year, cash flow from operations totaled \$31 million, and we plan to continue to manage our financial position carefully for the business and shareholders. As of July, we have completed \$39 million in share repurchases, reducing shares outstanding by approximately 7% since the start of the year. We anticipate total share repurchases of up to \$50 million this year under the \$100 million authorization approved in March.

As the results reported today indicate, the implementation of organizer fees has disrupted creator acquisition and retention for longer and to a larger degree than we anticipated. Actions we've taken to simplify options, adjust prices, refine marketing and streamline sign-up have yielded improvements to both acquisition and retention, but have not delivered sufficient lift to alter a weakening trend in creator count and paid tickets.

Accordingly, we are lowering our business outlook for 2024 and we've taken the steps that Julia described to reduce operating costs in light of near-term headwinds. Based on current information, we anticipate third quarter revenue will be within a range of \$74 million to \$77 million and full year 2024 revenue will be within a range of \$318 million to \$325 million. At the midpoint of our revenue outlook, we expect adjusted EBITDA margins, excluding the impact of severance costs and other nonroutine items, to be approximately 10% for the year.

The bottom line is that as appealing as organizer fees may be from a revenue model and profitability standpoint, this change as currently implemented has had an unacceptable and outsized impact on marketplace inventory, creator loyalty and ticket volume. Accordingly, as Julia stated, we're taking immediate steps to relieve the pressure imposed by organizer fees, while holding firm to our strategic objective of building a two-sided marketplace that delivers value to event creators, consumers and shareholders.

The reintroduction of a free tier that allows creators to publish events into our marketplace without charge will reduce organizer fees starting in September. We will maintain our Pro subscription program for organizers seeking enhanced marketing capabilities. And we expect organizer fees to be less than \$1 million per month in the fourth quarter, compared to nearly \$3 million per month in the second quarter.

We anticipate that the new free tier will reaccelerate creator growth and paid ticket volume. However, we currently have limited visibility into how quickly and by how much these trends will improve in the near term. Our revised outlook contemplates the reduction in organizer fees that I just described and assumes for now a modest associated uplift in paid ticket volume.

Beyond these changes, we're focused on several other levers that we believe will help improve creator trust and paid ticket volume. Product performance and site stability are critical to creators relying on Eventbrite during on sales and at showtime, and we are investing in our infrastructure. Event quality is vital to our marketplace and we have implemented detection and deterrence capabilities that lower risks for creators and consumers and reduce costs for Eventbrite. Account service and customer support are essential to creator satisfaction, and we've added capacity, redundancy, training and technology to ensure that we are reachable and responsive when creators or their attendees encounter problems.

On the expense side, we've reviewed our product road map, organizational structure and staffing, with a focus on continuing support for our strategic transformation, increasing operating efficiency and lowering costs. As we

announced today, we've eliminated roughly 100 positions and initiated plans to reduce other non-personnel costs immediately. We anticipate incurring up to \$7 million in expenses related to severance and cost reduction actions during the third quarter. And we expect that these actions will reduce the company's total annualized operating costs by \$30 million, providing greater operating leverage.

I'll conclude by reiterating three points that Julia made earlier. First, we have conviction about our strategy to transform Eventbrite from platform to two-sided marketplace. As our progress on ads and consumer engagement indicate, we believe that we are steadily building the assets, expertise and market position to differentiate Eventbrite as a demand generation partner for creators and a trusted source of great experiences for consumers.

Second, we've been candid and clear eyed about how the recent implementation of organizer fees has impacted the health and growth of our marketplace. And we're taking strong near-term action to adjust our approach based on data and feedback from creators. Simultaneously, we have established that we can compete effectively for high-value, high-volume strategic inventory, and we know how much this matters to the vibrance of our marketplace. Finally, as we've done when we faced challenges in the past, Eventbrite is acting promptly to address obstacles and manage the business and expenses efficiently.

I'll now turn the call over for your questions.

QUESTION AND ANSWER SECTION

Operator: Certainly. Everyone, at this time, we'll be conducting a question-and-answer session. [Operator Instructions] Your first question is coming from Cameron Mansson-Perrone from Morgan Stanley. Your line is live.

Cameron Mansson-Perrone

Analyst, Morgan Stanley & Co. LLC

Q

Thank you. Thanks for taking the questions. I guess first one on the revised outlook. How should we frame this? It would be helpful to have some context on kind of the visibility you feel like you have in terms of the impact from these most recent changes, and just kind of how you'd characterize the confidence interval around the new outlook ranges? Should we view this as – these are some pretty meaningful changes. You have limited visibility, but you've kind of factored in some conservatism to capture that, or do you have a higher level of conviction and we should think about it as maybe a tighter range of potential outcomes? So, just a little help or context around kind of how much visibility you feel like you have into these new outlook ranges?

And then, second, Lanny, you gave some helpful color on how the mechanics of this are going to flow through here. But maybe, I guess, a clarifying question, and then I'll ask you for some elaboration. The clarifying question is, I think you said organizer fees, you will stop charging by the end of September, less than \$1 million in 4Q. I just wanted to confirm that. And then, as we think about this in a post-organizer fee era, should you have a Pro plan, I guess, how does that compare to Boost in terms of what we should think about that business or subscription generating? And maybe just in terms of the revenue build, how you see these changes kind of rolling through geographically, a little bit more detail in terms of how we should think about the mechanics here over the next couple of quarters would be helpful? Thanks, guys. Sorry. I know that was a lot.

Charles C. Baker

Chief Operating and Financial Officer, Eventbrite, Inc.

A

Thanks, Cameron. Our prior outlook had, as we had expressed, anticipated that paid ticket volume would recover in the second half and be about even for the full year with where we were in 2023. Based on current expectations, we're anticipating that paid ticket volume will continue to soften in the second half of 2023 and will be down in the low-double-digit percentages for the full year of 2024. Within that is the current trends that we are seeing in our paid ticket volume and our creator count; the creator count that we have today, the inventory that we have on the site and looking into our funnel what we anticipate for coming months. Note that, as we move through the year, the year earlier comparisons get a little bit easier in the fourth quarter given the introduction a year ago of the organizer fees. And within the outlook that we provided, we've anticipated a very modest initial uplift in paid ticket volume related to the introduction of the free tier. That free tier will be introduced within a month.

And let me talk – you asked about the outlook we have for organizer fees and how that will play out. There is a free tier today for smaller events. There will be shortly a free tier for events of any size. We anticipate that those who are paying on a per event basis today will move into the free tier. And we may see and we anticipate seeing some migration of current subscribers into the free tier as well. So, the organizer fees, which were approaching \$3 million per month in the third quarter, more than \$8 million of revenue for the quarter, we anticipate that those will be in the neighborhood of \$1 million a month by the fourth quarter and \$2 million to \$3 million of organizer fee revenue by the time we get to the fourth quarter coming from creators on the subscription plan, on our premium plan, staying with that plan, it has enhanced marketing support.

Looking longer term, we will introduce a market visibility premium tier. I'll let Julia talk about that.

Julia D. Hartz

Co-Founder, Chief Executive Officer & Chair of the Board, Eventbrite, Inc.

A

Yeah. Sure. So, we talked about the two-tier approach that we'll be taking; the free tier that removes the barriers to entry, allowing creators to list their events without fees, which we think is really important, especially for our self-sign-on business. And the second is a premium subscription tier that will offer enhanced marketplace visibility, demand generation tools and targeted support. And I'd point out the differences from this tier to Boost as directly tying into our marketplace dynamics. We've developed a different type of exposure that creators can access by being in the marketplace. We've also strengthened the demand generation with discovery usage being up 17%, our overall growth of users at 93 million across web and mobile, our consumer app users being up 22%.

So, we're leveraging the exposure that events will have in the marketplace, combining it with the strength of Eventbrite Ads, and driving the value proposition of not only can you gain greater visibility by subscribing to the premium tier in the future, but you also get more tailored support to help you lean into that growth. We've been able to segment our creators over the last year as we observe their behavior and we know that there is a very strong willingness to pay for demand generation, greater visibility, and also an appreciation of the tools that we give to run better marketing campaigns.

Cameron Mansson-Perrone

Analyst, Morgan Stanley & Co. LLC

Q

Helpful. Thank you both.

Operator: Thank you. Your next question is coming from Justin Patterson from KeyBanc Capital. Your line is live.

Justin Patterson

Analyst, KeyBanc Capital Markets, Inc.

Q

Great. Thank you. First, maybe just touching on the new organizer – or the new fee structure in general. Just curious maybe diving a little bit more into what drove the decision to roll back those organizer fees and simplify the fee structure, what was really the tipping point in making that decision, and then maybe just updated thoughts on monetization overall? And then, second, just touching on maybe some of the sales driven creator growth, would love to hear more about the success of that kind of as we're inching a quarter in building up the sales force. It seems like you've done pretty well getting large creators. I think they're up 60% year-over-year in 2Q. So, how we should expect that to impact creator growth and ticket growth and any investments we should be mindful of associated with that? Thanks.

Julia D. Hartz

Co-Founder, Chief Executive Officer & Chair of the Board, Eventbrite, Inc.

A

Thanks, Justin. So, the decision to roll forward with a new structure and reintroduce a free tier was really driven by the clear data and feedback from our creators, as we've implemented this new structure. While we based our initial structure on thorough research, as I said, the real-world results have provided these valuable insights, and we're taking action based on what we see in our creator responses to this structure. I think, like, just in plain speak, the event capacity gate in the current structure is it's too complex and doesn't align with the value that we deliver for creators. And we have seen that in the creator churn and the paid ticket volume depression as we've moved through these changes and we've settled into this new structure.

So, what we've done is offered different release valves that give us the confidence that a free tier will pick up the creators who are more price-sensitive. But we've also understood the value that our creators will put in the demand that we can drive and the value of the marketplace visibility. So, we've learned that they have a willingness to pay for value, but they need to see that clear connection between the pricing and their event success on Eventbrite, which we don't feel the current structure serves well.

And so, as a two-sided marketplace, I think the health of our creator ecosystem is absolutely crucial. And we know that the fundamental unit of a ticket and the consumer is the most important place for us to lean into. And we just didn't feel that the event capacity structure in the end led us to that right place. So, we're changing tacks and we're going to be leaning into the creator loyalty that we have, as well as showing creators that we can help them sell more tickets and really providing that value over time.

The final thing I'll say is that I think that we – even though we're going through this pretty rough transition, I think we hold a very strong command of where we can provide value for creators. And again, it's much more toward building that demand and visibility and helping them achieve greater growth by virtue of being on the marketplace and the validity that our brand affords them and less so sort of playing at a more – having a more brute force structure of imposed fee just to use Eventbrite in general. So, I think we've appreciated that through this experience, and it'll be reflected in our evolved structure going forward.

Lanny, do you want to talk about the sales-driven creator growth?

Charles C. Baker

Chief Operating and Financial Officer, Eventbrite, Inc.

A

Sure.

Julia D. Hartz

Co-Founder, Chief Executive Officer & Chair of the Board, Eventbrite, Inc.

A

And then, yeah, anything else around organizer fees?

Charles C. Baker

Chief Operating and Financial Officer, Eventbrite, Inc.

A

I think you covered up on organizer fees, but we could take more questions if there are there. On the sales side of our business, which really is going after the strategic inventory. We look closely at consumer demand across our surfaces by metro and by category, and then send our outbound sales team out to try to acquire inventory in those categories where we have the strongest demand. And having that window into consumer demand has proven to be a very effective tool for us as we compete in the marketplace to bring creators into Eventbrite. The sales organization is under new leadership as of about three months ago, and building some strong momentum. We are getting stronger on coordination between sales, onboarding, support and service. And in time, we're starting to see improvements in customer satisfaction as a result.

Our new bookings during the quarter through our sales team were up about 60% year-on-year. And when we look at new bookings there, they're only a portion sort of a mid-teens proportion of our tickets come from brand new bookings through the sales channel. Those sales relationships tend to be three- and four-year agreements in most cases. But it's encouraging to have that momentum. About a quarter of those new bookings this year are customers who had previously left the Eventbrite platform coming back now to be part of our marketplace. And that progress has meant that, for instance, in the second quarter, the year-over-year comparisons improved by about 6 percentage points in terms of ticket volume through our sales channel. So, we're encouraged by the progress that we have there. We think we have a strong go-to-market strategy.

And in terms of investments, they tend to be fairly manageable and lower risk investments in bringing on additional salespeople where we see market opportunity. We've grown the sales force over the last year, though most of that growth occurred at 12 months ago rather more recently. And as we look at results that we continue to strengthen those numbers. We may add a bit to our sales force, but not in a way that will be problematic. The payback on that is pretty strong. We've also seen very good sales rep productivity gains year-over-year.

Justin Patterson

Analyst, KeyBanc Capital Markets, Inc.

Q

Great. Thank you.

Operator: Thank you. [Operator Instructions] Your next question is coming from Hamed Khorsand from BWS Financial. Your line is live.

Hamed Khorsand

Analyst, BWS Financial, Inc.

Q

Hi. So, the first question I had was, just given the trajectory of what you're seeing in the ticket volume, what took it so long to actually recognize this had to – you had to revert back to a free model? Why a whole year?

Charles C. Baker

Chief Operating and Financial Officer, Eventbrite, Inc.

A

Thanks. We saw – as we said earlier this year, we expected some disruption to our paid ticket volume when we introduced the organizer fees. And more recently, the impact on creator acquisition and retention has been greater than we anticipated. And frankly, that impact has gone on longer than we anticipated.

Over the last six months, nine months, we have fielded an array of changes to our organizer fee model, including changing pricing levels, simplifying packages, streamlining onboarding, each of which has had a positive impact

on acquisition and some cases retention as well. But in aggregate they have not been sufficient to turn a trend that has continued to soften.

And as we've looked at it over the last few weeks, months, it's become clear that larger, more significant bolder action is appropriate, and we're excited to introduce, looking forward to introducing a free tier across all event capacity levels.

Hamed Khorsand

Analyst, BWS Financial, Inc.

Q

And my other question was, do you have a go-to-market kind of strategy here as to telling all the creators, hey, this is – we've redone our pricing tiers?

Julia D. Hartz

Co-Founder, Chief Executive Officer & Chair of the Board, Eventbrite, Inc.

A

We sure do. We have been executing different marketing campaigns and win back strategies with creators to a degree of success that tells us we have the ability to attract back creators who decided to leave Eventbrite over pricing concerns. We've seen hundreds of thousands of paid tickets come back to the platform through our current extended free trial communication. And we also have new functionality that we're rolling out directed at these creators, who have decided to leave the platform. And we know they have beyond pricing concerns, but also feature desires and wants from us.

So, we have a high degree of confidence that we can win back and capture a portion of the market that has moved away from Eventbrite during this time, as well as build into new creator markets, specifically around timed entry, time slot ticketing that opens up a new high-volume market for us, which is exciting. And then, finally, as we continue to lean into the consumer engagement and the growth of consumers on the platform, this opens up a new go-to-market strategy for us. We're not only are we able to announce that Eventbrite is free to use, but also show the real value of being in the marketplace, backed up by data and vastly improved consumer experience.

Hamed Khorsand

Analyst, BWS Financial, Inc.

Q

Okay. Thank you.

Operator: Thank you. Your next question is coming from Naved Khan from B. Riley Securities. Your line is live.

Naved Khan

Analyst, B. Riley Securities, Inc.

Q

Yeah. Thanks a lot. I joined a little late. So, I don't know if this has been covered. But on TikTok partnership, how are you planning to monetize the integration of the partnership? Would the creators be paying an extra fee on a ticket sale or would they have to pay to get promoted on TikTok? How would that work? And then, maybe just any kind of commentary in terms of economics would you be sharing in the ad sales or sales of tickets?

Julia D. Hartz

Co-Founder, Chief Executive Officer & Chair of the Board, Eventbrite, Inc.

A

Sure. Thank you, Naved. On the TikTok integration, it's early days. So, it's a distribution partnership wherein anyone, not just an Eventbrite creator, but any creator on TikTok and any user of Eventbrite can anchor a ticket listing in TikTok content videos predominantly. What we see interesting here is the order of magnitude exposure

that our events are getting and the traffic that it's driving based on the fact that any creator, a micro influencer to a very popular TikTok creator, wants to be able to promote content. And so, I think that the core of this distribution strategy is top of funnel growth, how we drive more traffic back to event listings and how we help anyone understand that they can be a curator of live experiences, which is content in itself. And so, we'll continue to work with TikTok, they've been an excellent partner in building out different ways that we can expose real-life events. They're hungry for this content and the ability to allow their creators to promote them.

In terms of monetization, how I would think about it is, as this distribution partnership shows real traction for driving tickets to events, it will be considered increased visibility for anyone using Eventbrite. And so, I can imagine a world where as we continue to develop out more distribution partnerships like this one with leading platforms where people are looking for content and looking to share content and searching for things to do that we would consider elevating that into the premium tier. Today, we're not directly monetizing it. We're using it to drive increased ticket sales, but we aren't adding an additional monetization tactic on top of it while we develop out the winning strategy.

Naved Khan

Analyst, B. Riley Securities, Inc.

Q

Understood. And then, on the advertising sales, did you share a number of how much advertising revenue was in the quarter?

Charles C. Baker

Chief Operating and Financial Officer, Eventbrite, Inc.

A

Yes. Advertising revenue in the second quarter of 2024 was \$2.9 million, as we reported. That's up about 125% from where it was a year earlier and reflects a very strong quarter and strong continued momentum on advertiser count. In fact, quarter-over-quarter, this was the best growth we've seen in advertiser count for that product.

Naved Khan

Analyst, B. Riley Securities, Inc.

Q

Got it. And anything in terms of the mobile refresh, in terms of time line and when we can expect to see the results of that?

Julia D. Hartz

Co-Founder, Chief Executive Officer & Chair of the Board, Eventbrite, Inc.

A

Yes. So, we will be relaunching – or releasing, rather, the next version of our mobile app for consumers in the fall time line. And we're really focusing on three things there. The first is simplicity, elevating the quality of the consumer experience. It's been quite a while since we've updated the core experience in our mobile app. And this is where we see the highest engagement and growth with consumers today. So, we believe by simplifying the design and increasing the quality of the experience overall, we'll be investing in a high-return surface area for consumer engagement. The second thing is accessibility. We want everyone to be able to use the mobile app not only to find great things to do, but also to understand within their social graph where people are going and drive curated discovery through things like social guides and, again, teeing off of the influencer market really helping people curate and share events in their local interests and local markets.

And the third thing is being able to expand and extend the creator's own event brand through the consumer app and bring that to life in a way that's both interactive, media-rich, but signifies a much more elevated storefront for our creators and gives them that connection to the broader audience that we've been able to open up through distribution partnerships. So, TikTok that drives back to the app, et cetera. So, overall, it's a refresh, it's an

elevated design and better experience, and it's a high-return surface for us to invest in the consumer engagement strategy.

Naved Khan

Analyst, B. Riley Securities, Inc.

Q

Got it. Last question, if I may. So, just coming back to TikTok, what are you baking in terms of contribution in your guidance?

Charles C. Baker

Chief Operating and Financial Officer, Eventbrite, Inc.

A

Naved, it's a new partnership that has just launched, and on that basis, we are not incorporating large near-term impact from the integration with TikTok in terms of paid ticket volume. As Julia said, it's an important extension of the visibility that being part of our marketplace provides. And in the intermediate and long term, we have confidence we can convert that to being a driver of paid tickets. But we're literally in just the first weeks and it's too early for us to really have a bead on the paid ticket volume. And on that basis, we're not including anything in our outlook for that at the moment.

Naved Khan

Analyst, B. Riley Securities, Inc.

Q

Understood. Thank you.

Operator: Thank you. That completes our Q&A session. Everyone, this concludes today's event. You may disconnect at this time, and have a wonderful day. Thank you for your participation.

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