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Eventbrite, Inc. (EB)

Investor Day

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MANAGEMENT DISCUSSION SECTION

Katherine Chen
Head of Investor Relations, Eventbrite, Inc.

Good morning, everyone, and welcome Eventbrite's 2022 Investor and Analyst Day. I'm Katherine Chen, Head of Investor Relations. And on behalf of the entire team, we're so excited to be hosting you today in New York. And we also want to welcome those of you joining via webcast.

So before we get started, I'd like to quickly remind people that today's presentations contain forward-looking statements regarding future events and financial performance, as well as non-GAAP financial measures. You can find more information regarding forward-looking statements and a reconciliation to non-GAAP financial measures on the slides, our Investor Relations website, and in our SEC filings.

And now turning to the agenda. We'll be hearing today from our executive leadership team, followed by a Q&A session at the end. Our speakers today are our Co-Founder and CEO, Julia Hartz; our Chief Customer Officer, Phil Silverstone; our Chief Marketing Officer, Tamara Mendelsohn; Casey Williams – Casey Winters, sorry, our Chief Product Officer; Vivek Sagi, our CTO; and we'll rounded out with Lanny Baker, our CFO. All today speakers will be available for Q&A and we ask that you please hold on to your questions until that time. Webcast participants can also submit questions during the event, and we'll answer as many questions as we can in the allotted time.

Lastly, a replay of today's webcast, plus our presentation materials will be available on the Investor Relations website shortly after today's event. And now, I'd like to welcome Julia Hartz, our CEO and Co-Founder, to make opening remarks. Julia?

Julia D. Hartz

Co-Founder, Chief Executive Officer & Director, Eventbrite, Inc.

Good morning, everyone. I'm so happy to be here with you guys today. It's amazing to be in the same room together and be in person, and it's incredible to be in New York again. The last time I was in New York I experienced something that I hope all of you have had a chance to experience in the last six months which was my reopening moment. We were here to do some press interviews, tell our story about surviving one of the greatest business crises of all time when all gathering ceased to exist in 2020. It was a triumphant moment. We were coming out to express how we made it through and why we were in such a great position.

But the thing that I remember most is going to the opening – the reopening preview of TINA on Broadway. My childhood friend was in the ensemble and now she is one of the principal characters. And I sat there in the audience with our, just then probably 30 days in Chief Communications Officer, Gina. And we sat with all the industry insiders who are quite characters and we just sobbed.

We were all still in masks. This was in October of 2021. But we were together. We were in a theater and we were watching something incredible. And that moment, that palpable moment of being together in person and feeling that energy, reminded me why we do what we do. And certainly, it doesn't have to be a big Broadway spectacular or a huge sporting event. But again, I hope that all of you in your minds today can remember that feeling, that euphoria of coming back together, because that underpins what we're talking about today.

Sure, the last two years have been incredibly challenging for all of us. And I think in all different ways, personally, professionally, from individuals to industries, we've all had to take stock of what we thought was true and create new meaning going forward. It's against this backdrop of an unbounded opportunity that Eventbrite had the same choice to make. And today, we're going take you through the choices that we made and the story that we've created.

Now, when we think about this time and this place and where we're going, a lot of changes have been made in some parts of our lives or even our strategy, we've left behind. But the one thing for us that means completely and enduringly true is our mission, to bring the role together through life experiences. We founded the company, Kevin Hartz, myself and Renaud Visage in 2006 with this mission. And this mission to us is the mission that matters. It's relevant, it's critical and it's enduring. And this mission propels us forward to continue to innovate and to imagine the possibilities, for those who put their livelihoods and their reputations, and their bank accounts on the line to bring other people together.

Now, we have a long runway in front of us and we're just getting started. I know you hear that a lot from founder, CEOs but this past year, in 2021, which was a year marked by recovery cycles, volatility, people getting back out and discovering new things to do, over 650,000 experienced creators produced over 5 million events that brought almost 300 people back out together.

So, it's a combination of in-person and online events. What we're seeing in-person events, really sore into 2022, as you can imagine. Searches for in-person events on Eventbrite in Q1 were up 96%. Now, at the heart of what we do to bring this mission to life is enabling creators in community-making. We want to help them be able to bring people together around different topics, genres, reasons to celebrate, reasons to challenge, reasons to

learn. And we want to make that easier for them. We want to make it faster, and we want them to be more successful.

For us, creators should be able to come to Eventbrite and spend less time on the manual tasks needed to manage an event and more time on what they do best, which is to create the memorable and magical experiences that we, as humans, desperately need to connect with one another. And we want consumers to be able to find the right event at the right time wherever they are and to be able to gather and discover new things to do throughout their lives.

This is a seminal moment in time for us, as the tailwinds of live gatherings get stronger and as Eventbrite is at the center of bringing the creator economy together with this human need to connect. And when I say anyone should be able to create or consume an event with ease, I mean anyone. If it can be imagined, it can be created on Eventbrite.

One of the best parts of being in this business is discovering all the new ways people are gathering. We have a micro trend forecast on the platform where we can see new trends of gathering emerge. We saw EDM emerge, gosh, reemerge maybe a decade ago. We saw eSports just recently reemerge with vigor for, like the third time, since the inception of Eventbrite. We serve the vast mid-market of live experiences. Its right below those major stadium events and it's right above a backyard barbecue invite. It's Nora Abousteit, who created CraftJam in SoHo, a social crafting workshop.

It's Corey Schneider, who created New York Adventure Club, which takes people on never-before-seen tours in New York, including a century-old bowling alley under The Frick Collection, [ph] The Frisk Collection (00:08:20) on the Upper East Side, or Synagogue in Brooklyn that has a full smash ball court below it that no one gets to see unless you're with him.

We were together with our creators last night, sharing stories and talking about the type of resilience that these creators have had. People like Nora and Corey are successful because they frequently are hosting events, and they were able to take the content of their events and move it to online events and reach a vast global audience because of Eventbrite's reach, during the critical days of COVID.

Now, they're back, they're in person, and they're seeing the demand of surge for their events, so they're hosting more. You'll hear a lot about frequency because, while these genres, these categories of events and a sampling of the tickets that we processed in 2001 is compelling, nothing is nearly the size of the number of tickets that frequent creators, as a segment, are producing on the platform.

And the magic of our business is that 98% of creators can come to Eventbrite and use the product without needing our help, without getting a sales call, without needing hand-holding. The intuitiveness and automated nature of the product experience is what helps us scale. That's how we founded the company, and it's how we're approaching the jobs we've done for both creators and consumers today. And the commitment to self-service is a critical part of our story. It's where we began and it's where we're going, and it's what creators want. They want ease. They want efficiency. They want confidence. And they want speed. And this also allows us to scale and grow more quickly.

So, today, we're going to take you through our strategy. It starts with our winning aspiration, which is to be the trusted choice for live experiences around the world. We know that what we do is universally relevant, and the way that we're building our solution and taking our solutions to market is relevant to our global audience of creators and consumers. We aspire to be a growth engine for creators, not just a ticketing platform.

In the near future, creators are coming to Eventbrite to seek us out as a growth partner. They're appreciating the ticketing capability. They're really here for us to help them reach a bigger audience and scale their businesses faster. We aspire to scale the relationships with consumers. Today, we're recommending events to consumers and we're driving meaningful ticket sales. Tomorrow, more consumers are coming to Eventbrite as the first place to look for new things to do and to fill their calendar during the week. And we aspire to use our outsized influence in the experience economy, to alleviate social isolation through our social impact program, which will be announcing in the next two weeks.

This is a place in time for Eventbrite to put a stake in the ground and help make the world a better place, by creating an inroad to solve one of the biggest challenges of mental health illness with youth. And, finally, I know there are numbers on this slide, so everybody's writing. We plan to be a long-term sustainable growth company, producing more than 20% revenue growth per year, a healthy margin of more than 20%, up and beyond \$1 billion in revenue. And, today, I'm excited to bring all of this to you with the best team.

So, most people put a slide up here of the awkward headshots and vanity logos of where people have been, and it's a really dry slide. I wanted to show you who we really are. This is a picture from two weeks ago when we gathered at our off-site that we've been doing a couple times a year. This team is truly the best. They're the founding team of this focused strategy.

Back in March, the very, very dark days of March 2020, when our revenue was down 90% and we were processing more refunds than revenue. We got together and we asked ourselves a really important question. Given what we know about this business, what would we do if we could do it all over again? And, today, you're going to see that story.

We crafted a strategy that takes Eventbrite in the places that only we can go, where we're best, and where we are most unique. Now, this team, their tenure ranges from 1 year to 12. Average tenure is about five and a half years at Eventbrite. They do hail from fancy places like Pinterest and Yelp and GrubHub and Amazon and GE and YouTube. But what is most remarkable about them is their heart. Our team has the highest Trust Index I've ever seen in my 16 years at this company. And because of that, we can do great things together. We can push each other and we have a lot of fun.

So today, we're going to tell you more about what we envisioned and how we've built it. We're going to tell you about where we play and how we win. We're going to tell you about who we serve and what they need. Then, we're going to tell you about what we're building for customers and how we scale that. And then, finally, the grand finale is that we'll share our results, our business model and our long-term financial outlook.

I'm really excited to be here today with you all and look forward to the Q&A after our presentation. With that, I'm going to turn it over to the man who traveled the farthest to be here with us, Phil Silverstone, straight from EasyRoute from Melbourne, Australia. Phil has been with the company for about six years. Started in a GM role and has risen his way up to Chief Customer Officer. He also is the nicest person in this room. He lended Kevin his belt for the last two days, but thankfully he got it back for his presentation. So, give it up for Phil.

Phil Silverstone

Chief Customer Officer, Eventbrite, Inc.

[indiscernible] (00:15:06-00:15:20)

So, to start with, like, our moment really is how, you can see that people are getting back out of their houses and getting into the world and doing the things that they love to do. So, OpenTable reports dining up 112%. Mic's not working. All right. OpenTable, yeah, reports dining up 112%, TSA passenger numbers up north of 90%, Airbnb reports rental nights and experiences up 59%. And then you can see on the right there, Eventbrite paid tickets up 188%. And so, that should tell you two things. One, that with all of these tailwinds, we're doing a good job of executing through it and driving outsized growth. And two, Eventbrite is playing a really, really important role in a society that's ready to get back to valuing and indeed spending on experiences over and above things.

So, with that growth, what about our scale? And I think this is a story that probably surprises many people that see it. Because if you think about what you know of events, you think about the stuff on the right, you think about going to a sports game or a big concert and look, we're showing 2019, and I should be clear just to give like a normalized comparison because of everything that went crazy during the pandemic, particularly on the right-hand side. So you know about like the NBA finals that are going on at the moment or Broadway down the road but what you might not know about is the local music gigs in the middle of the country, the yoga classes, the small conferences, pottery workshops like Julia mentioned earlier, there's a really eclectic mix of events that are going on. And they're really a much bigger part of everyday life and of the market for live experiences than anything that you see on the right-hand side of the page, and so therefore as Eventbrite scale.

On top of that scale, we're growing. So if you look at, again, those sort of more traditional categories, you can see over the decade leading up to the pandemic, they were flat. Their growth have kept down. And over the same period, Eventbrite grew 51% and that's because there's more parks and there's more local clubs and there's more studios for yoga classes or whatever kind of workshop you could imagine. Then there are stadiums. And so, on top of that growth then, let's look at the pandemic period. It's proven more resilient, that growth. It's resilient for two real reasons. One, because we pivoted quickly to online where the only option for the other categories was to really shut their doors. And two, we rebounded quicker because the nature of the creators that use Eventbrite are far more adaptable to those circumstances, smaller format events, really the type of events that are only found on Eventbrite. And so, my point from these last few slides is really that the creator economy and the demand of consumers is thriving on Eventbrite.

And so, all of that manifests into a big, healthy business so you can see the numbers on the page here. This is the trailing 12 months through Q1 this year, \$2.8 billion in gross ticket sales, \$215 million in revenue, \$12 million in adjusted EBITDA, a stat we're particularly proud of, three quarters consecutively of adjusted EBITDA profitability, and a business model to sustain that into the future.

And on the bottom, you can see some stats around the scale of the business. Julia talked about the business in its entirety earlier on. This is just the paid side. So, you can see 307,000 paid creators over the last 12 months, 1.6 million paid events, 75 million paid tickets. To put those into kind of a different – to put it in a different way, in a way that brings it to life a bit more, 1.6 million paid events is 500,000 or 0.5 million events on the platform each and every month that are live and selling tickets. 75 million paid tickets is 200,000 paid tickets every single day of the year, a really, really significant scale. And, again, that's just the paid side of the business. And, if we want to add in free, there's another 200-plus million tickets that we could add into there.

And I'm going to steal Julia's quote again, although I think you stole mine, we're just getting started. This cube here represents the current addressable market. So, we did a – commissioned a survey, rather, a report around the time of the IPO, estimated the size of our addressable market from a ticketing fee perspective at around \$3.2 billion.

That's a large addressable market and there's plenty of opportunity for us to grow within that. And yet, we see several vectors of additional opportunity. Vectors such as sectorial growth of the experience economy, the creator economy, the desire to get out and spend on experiences over things and, as Julia mentioned earlier as well, that need for – that fundamental need for a social connection that people have. That's going to expand the addressable market.

Another vector might be expansion of our product offerings. And so, one of the things that you'll hear Casey talk about a little later is moving from what today is predominantly a ticketing product into that ticketing sales engine through the additional – the addition of marketing tools. And a third vector could be segment expansion so, for example, geographical expansion, tapping into that fundamental, fundamental desire to gather across more of the world's population.

So, I'll dig into this a little bit more. So, what this work shows you is, how the revenue from a ticket currently gets distributed. And, for Eventbrite, our average ticket is about \$40. So, you can see here where we currently play in terms of the ticketing solution, and our average take rate of 8%, I think it gives us about \$3 on every ticket. That's a relatively small portion of how the revenue from a ticket is distributed. But, again, that represents that \$3.2 billion addressable market. So, it's still a significant opportunity.

What we're building into, though, is a much bigger share of that creator's wallet. So, you can see here that if we – as we move into building more in the marketing tool space, that addressable market – well, the spend rather on marketing is about 2.5 to 5 times that of ticketing and, therefore, the addressable market is about 2.5 to 5 times the size. And there's even more benefits to that, right? So, that increases our take rate significantly for sure. But by providing marketing tools to creators, they're actually selling more tickets. So, we'll increase the revenue from the ticketing side.

And the second benefit is this is just the paid view, right? It's on a \$40 paid ticket. Marketing tools are very applicable to our free customer base as well. Free event creators do spend money on marketing. They are trying to reach an audience. They're just not charging for the content in the form of a ticket. Casey is going to talk a lot more about this product expansion a little later on.

Now, that product expansion opportunity, as I mentioned before, is global. The orange countries here are the six markets that we've chosen to focus on, and we've chosen to focus on them because we've had strong product market fit there and a really strong near-term growth opportunity. And in spite of that focus, in 2021, we had events on the platform in 180 different countries. That's all the blue ones. And so, there's hidden light that we're seeing all over the world. And so, whilst the strategy has been the focus, our aspirations are certainly global.

But huge opportunity can only be realized through a focused strategy. You don't have to – you can choose any business book, I bet you, and I bet somewhere in there, it says strategy is about making choices. And those choices are really where do you focus your efforts. And so, for us, where we've chosen to focus is in the orange circle here on frequent creators. That's people that organize events frequently, put a bit more tangibly. How we look at that is three events or more each quarter. Typically, we see many more frequency – much more frequency than even that.

Now, at the same time, there's a couple other circles on the page. You'll see what we're really try to depict here is that whilst we are focused on frequent creators, many other forms of creators find utility on the platform, might be paid, might be free, might be infrequent. And so, even though our strategy from a product perspective is to focus on frequent, we see a lot of utility and a lot of value being provided to the full creator economy and that creates a great opportunity for further growth for us.

But we choose to focus on the frequent creator really for three reasons, their resilience, their value, and their leverage. So what I mean by each of those, resilience, because they have proven even through a pandemic, to be really agile in their format and therefore to be resilient in how they grow. If you think about it in contrast to an event that's once annual that puts all its eggs in that one basket, frequent creators aren't putting all their eggs in the basket of the event that they're running this week because they're running another event later in the week and another event the week after that. And so, it's a much more resilient format that then drives a much more sustainable revenue stream.

Talk about revenue stream from a value point of view, that frequency of ticket sales equals more consistency of revenue from a ticket fee perspective. And we see that manifest in this being albeit our largest segment of creators in terms of how we might segment the customer base, but a far larger contributor to revenue than it is in the number of customers.

And leverage because of their frequent nature. So anything that we do to deliver value to them, we get a multiplier effect on it. So, we're focused on frequent creators. And we're winning with them through value that only Eventbrite can deliver. So, there's three real pillars to our strategy that these unique things that Eventbrite we believe only can deliver. One, create a confidence, two, our scale and our brand, and three, consumer trust. So, I'll go into each of those in a little bit of detail.

Create a confidence. Now, creators, they're not unconfident. They're entrepreneurs. They're confident by nature. But what we mean here is really helping them to be more successful. That's helping them to reach a broader audience, that's helping them to sell through their ticketing inventory, that's helping them to engage with their community and by doing so, helping them to be more successful that gives them then the confidence to become more frequent, to repeat, to continue to put on more and more events and grow their business.

And only Eventbrite has that deep understanding of creator needs and the sophisticated technology to actually do that. When I talk about scale, Eventbrite has truly an unparalleled breadth in the variety of creators and in the number of creators that use the platform. And that gives us great insights, insights that we can deliver value through, that we can deliver value both to creators and consumers. And only Eventbrite has that scale.

With that scale comes a big inventory of events that rich inventory attracts a large audience of consumers and an engaged audience because it's going to have things that are really relevant to them. And that attraction is – and that attraction and that brand value that creates is something that the creator can't do in and of themselves. They're smaller. They're more nascent brands. They don't have that element of trust that the Eventbrite platform and its inventory has.

And so, only Eventbrite has that established brand, has that deep consumer engagement that yields consumer trust. And what does trust give? It gives the consumer more likelihood of buying a ticket. More likely to buy a ticket, there's nothing a creator wants more. There's nothing that's going to make a creator feel more confident than selling through their event. And then that's only going to reinforce our scale and our brand as more creators put on more events.

And so to the competitive landscape, really, we believe we're the only ones that are connecting these elements to meet these creator needs. And one way we could've done this is to list like 100 more – hundreds, frankly of small competitors that exist across the vectors that we put here. But we choose to define the competitive landscape more from the eyes of the customer. Because, at the end of the day, we're uniquely focused on what the customer needs, what that creator needs and the creator needs span these four segments that you can see.

In the top here, we've got audience platforms, so ways to reach their audience and engage with them, marketing tools, to reach new customers and again, to further engage that audience. On the top there, we got streaming technology, so ways to deploy their content in different formats. And, on the bottom right, ways to monetize their content. Ticketing is one way to monetize the creator's content.

Now the creator economy is clearly a great place to be. You hear about it a lot, so it's little surprise that there are many players in the space, but while each of those do a piece of this, only Eventbrite sits in the middle and only Eventbrite connects it all together. We're the only ones capable of delivering a powerful, holistic solution for the event creator. And we do that through a foundation of a market leading position in ticketing. That's where we started. That's where we scaled. We're building into this left-hand quadrant through Boost, through marketing tools and an ability to help creators generate demand for their events.

And we're fostering deep integrations across the top here with the likes of LinkedIn, Facebook and Zoom on the streaming side, best-in-class. And we have these core capabilities that really underpin our ability to translate that into value. Core capabilities like, as Julia was referencing earlier, a self-service user experience. We truly lead that market by democratizing live experience creation, as Julia said. Anyone can create an event of any kind on Eventbrite, and then by empowering those creators to own their business, to run their event business and grow their communities.

Another core capability is our deep understanding of customer needs. As Julia said that – I keep quoting you. I didn't mean to do that quite that much. It's a compliment. We founded the business in 2006. That's over 16 years of experience, billions of ticket sales over that time. And that's many multiples than any competitor has. And we translate that into that understanding of customer needs.

And we choose not to just sit on these advantages and say, look how good we are. We're deepening these competitive moats. We're using these unique capabilities to leverage our scale and our brand trust and turn it into that holistic solution that fundamentally creates ease for the creator. The value of Eventbrite sitting in the middle here, compared to discrete competitors or discrete providers in any one segment, is that we're making it easier for the creator to succeed by providing that holistic solution. And at the end of the day, the way that becomes a sustainable competitive advantage is doing that, helps the creator to grow, helps the creator to succeed, that reinforces our scale and our brand and reinforces our ability to deliver on those unique capabilities and therefore sustains that competitive advantage.

So, how we're doing that deliberate, sequenced investment? So, my colleagues are going to go through each of these elements in more detail over the course of today. But this is how we translate that – those strategic pillars that you can see in the circles on the right into a tangible plan. So, each step here really builds and reinforces on each other, but at a high level and to try not to steal any of my colleagues thunder as they go through it in more detail.

Where we started on the foundations is really about creating scalability and velocity in our infrastructure. With that, we can move faster and more efficiently as we grow into other capabilities. Frequent creators is about fundamentally re-architecting the business around the creators business, rather than just a discrete event and building out the feature set to help that user experience be better and better. As we grow into marketing tools and demand generation, it's about helping creators to grow their communities, to engage with their communities more effectively than they can today. And with that, we can expand our investments into more consumer capability, which allows us to have a more direct relationship with that demand side and again, deliver that value back to the supply side.

So, how's it going so far? This focus is paying off. You can see here some of the key metrics we look at, total tickets, frequent creator tickets, Eventbrite-driven tickets, a lot of tickets. This is for financial year 2021. Total tickets are up 25% year-on-year. Frequent creator tickets again, frequent creators, those creators that are providing that outsized value and leverage and resilience, up 42%, so an outsized growth in those creators as we focus on them. And Eventbrite-driven tickets, the tickets that we drive uniquely through our proprietary capability directly on behalf of our creators, up 5 points year-on-year, to a quarter of all tickets. And that momentum is all continuing in this year in 2022. And so, altogether, this strategy then is the realization of a powerful growth loop, unique differentiated elements that only Eventbrite can deliver. And these three are not discrete. They work in unison. As we build more creator confidence, they'll put on more events. That gives more scale to the platform. More scale, more inventory of unique variety of events, attracts more consumers. More consumers is the one thing creators want more than anything. That's more buyers that helps them to be more successful, that gives them more confidence, that puts on more events, and that continues to fuel that flywheel. And so, by providing more and more value to both creators and consumers, which really going to become the most trusted and most used platform for events.

All right. So, next, we're going to get into a bit more detail. We're going to start with Tamara, who's going to take you through details on, who our customers are, who those frequent creators are, and so, without further ado, I don't have really a funny introduction. She's from New York originally. How about that? I'll hand it over to [ph] Ti (00:34:51).

Tamara Mendelsohn

Chief Marketing Officer, Eventbrite, Inc.

Good morning, everybody. Thank you so much for being here. I'm thrilled to be back in New York, as Phil said, where I grew up, talking to you today about our customers, our creators, who they are, and why they inspire us so much. So, I'd like to kick things off with a quick video to give you sense for a couple of these creators to bring you into their worlds and show you how they work day in and day out to create the incredible events on our platform.

[Video Presentation] (00:35:28-00:38:46)

So, these are our creators and I'm excited to give you a glimpse into who they are, why we find them so inspiring, and how they bring their events to life on our platform. Just a few weeks ago, I got to spend some time with Xavier and Lynisha, who you just met from SoulfulofNoise. And I'm so proud that they've chosen Eventbrite to build their business with. And to give you a sense of their business, last year they sold about 12,000 tickets to their Soulful Sunday events on Eventbrite. And Ryan from Oddities Flea Market already this year, has held 11 of these types of events, all across the country. And [ph] Ping (00:39:25) has welcomed over 150 people into her restaurant and [ph] butcher shop (00:39:29) to hold her workshops already this year. And you can find creators like these across the country in thousands of cities in the US and also abroad.

And they're entrepreneurs, and these creators make up our community. And I chose to show three of our creators today. But they're not one-offs. These are our creators. And they exist in thousands of cities across the US. And just because they are small in size does not mean small in scale for our platform. In fact, it's the opposite. As Julia shared earlier, last year alone, there were over 650,000 creators who hosted events on our platform, bringing together almost 300 million attendees around the world. These creators are gathering their communities and fostering a sense of belonging, combating social isolation around the world.

And this creates a vast destination to discover events. Because of the breadth and depth of events on our platform, there are over 500,000 – or almost 500,000 unique events for attendees to discover on Eventbrite every year. And there are over 12 million searches from people coming to our platform to look for things to do.

And the events that they discover on Eventbrite are unique and local and global. Yes, we have a lot of music events. Many of you have probably bought a ticket to Eventbrite to attend a concert, but a lot of the events on Eventbrite defy categorization. For – take SoulfulofNoise, for example. Like what would you call that, Its part community picnic, part local market. It's a live music event. There's an open mic, and it happens every month with new attendees and repeat attendees alike. Or Ryan from Oddities Flea Market, his event, as he calls it, a flea market of sorts, because what is it really? There's live DJs, but it caters to a very specific community of collectors who want to come together to share their common interest.

And this is really the beauty of our platform. We can ticket all of these events. They make up the fabric of our lives. And this is how we choose to spend our time. Think about a typical week, for example. You might start off with a fitness class in the morning. Perhaps one evening, you go to your local bookstore because an author that you're interested in is doing a reading and a signing. Perhaps you go to a play at a local theater or attend a virtual workshop or a lecture across the country at your alma mater. The beauty of our platform is that we ticket all of these events and they make up the fabric of our everyday lives.

Our creators produce the kind of events that are ubiquitous, but they tend to be smaller in size, and you don't have to plan a lot ahead in advance to attend them. They are accessible, flexible, and live. And at their heart, they foster social connection and create community on a very wide scale. And building and cultivating community is why these creators do what they do. We're seeing the power of these communities coming together across the platform. And post-pandemic, the need for community and belonging has never been so important.

This is what inspires and fuels the creators on our platform. And Katherine Thompson, who runs events at Grace Cathedral in San Francisco, said, we've themed 2022 the year of connection. Community has never been more central to the human spirit. So, whether it's – as Xavier and Lynisha put it, community is an extension of their family. Or as Ryan so beautifully put it, a way for people, for like-minded people to come together and not feel so alone. This is really the reason that the driving force behind what our creators do. The effects of social isolation have given us a newfound appreciation for the power of gathering. And we're seeing community connection flourishing on our platform.

So, now that we have a sense of the scale of our creator base and why they do what they do, I wanted to take a moment to take a deep dive into their world and talk about the specific creator businesses and their economics. And if you can't tell, I love our creators, I'm obsessed with them, and I love spending time with them and getting into their worlds to understand their needs better.

So, the gears that drive their business, no matter whether they're a small entrepreneur like Xavier and Lynisha or Ryan, a business owner like [ph] Ping (00:44:14) or a large organization like NASA or the PGA Tour in Europe, they all have the same gears that drive the revenue for their businesses. And those gears are the frequency of events, how many events they hold, how many attendees they gather at their events, and their ticket price.

So, our strategy, as Phil talked about, drives growth in each of these gears. We help our creators succeed by helping them sell more tickets, by increasing their event frequency. And so, our goals are perfectly aligned with theirs. When they succeed, we succeed.

And specifically, as Phil talked about, we're focused on serving the needs of frequent creators. These are creators that host at least one event a month. So who are they and what sets them apart? They – as hopefully you're getting a sense for [ph] there, they're a (00:45:03) small bookshop in Chicago, a yoga instructor in London, a small independent theater in Houston, while they make up about a third of our creator base, what makes them so important is that they drive over two-thirds of the ticket sales on our platform. They have outsize impact. And they cut across categories, geographies, and formats. But the thing that unites our frequent creators is their need, their need to efficiently manage this high frequency of events and drive more people into their events. And that's what we're here to do for them with the most superior technology solution on the market.

So not only are we meeting their event management and marketing needs, they also come to us for help with their business. Many of these creators got into the business of their events because it was their passion, not because they have an MBA or a business degree. They don't know how to run small businesses. And they don't know a lot about the events industry in general. And so we're able, because of the scale of our platform, because our access to data, to bring that together to them in the form of best practices, thought leadership, data trends. And so, we're constantly thinking about how different ways to bring this kind of knowledge to help them grow their businesses.

So how do we do that? We have a blog that receives over 500,000 page views every month with articles on different topics, and to give you a sense, last year our most read blog article were tips for engaging audiences through virtual events. And this year, our top two most read articles are all about in-person events. One was in – the top most read article this year is event ideas for fundraising events, and the second most read article was event ideas for International Women's Day, which seems very specific but it went viral with our community, and they were sharing it on social media.

We also package together industry reports. We leverage the data on our platform to bring best practices and trends that we're seeing to help creators understand the broader market dynamics, the consumer demand, the resurgence of consumer demand that we've been seeing on our platform that help them make better decisions for their business. And not only are we sharing our insights, we've created a community that has come together to support each other. So, we have now become event organizers ourselves, bringing creators together in both small format and large format events.

There is no industry association for our type of customer. And so we have the unique opportunity to play this galvanizing role for this community and bring them together. And once a year, we hold an annual summit called RECONVENE. And this is a summit where creators are producing the majority of the content. They are teaching each other how to be successful. And so, last year, over almost 20,000 creators registered to attend our event, and we really got to experience all the emotions that come with hosting events and really take a walk in our creator shoes.

We also hold RECONVENE Sessions, which are smaller bite-sized programs, 90-minute programs that we hold locally in cities around the world where creators can come and make personal connections. And what we're seeing is this incredible community coming together, sharing insights, giving each other advice, and getting ideas and inspiration from each other.

And this year we established the Creator Collective. So, this is a group of our customers that recognize the power in the community that we are creating and wanted to help us build it. And they've come up with amazing ideas. They've helped us launch the RECONVENE Accelerator, which is new this year, which is a grant program and an accelerator program that provides mentorship, education, training for creators with new emerging event ideas. We've recently opened up for submissions and have received hundreds of submissions so far. Just to give you a

sense of the types of things we're seeing, there is a podcast host who has a very successful podcast focused on women's mental health and well-being and self-care. She wants to hold a retreat. She's never brought her listeners together in person, but she has this idea for a three-day retreat that's filled with lectures and education and workshops to bring her community together in real life. Programs like these help keep us tapped in to the leading edge of live experience, what are creators thinking about, what's coming next? And it gives us an opportunity to keep our fingers on the pulse of the evolving needs of our creators.

So, because we've gotten so specific about who we serve and we have developed all of these touch points to interact and learn from our creators and because we serve them at such enormous scale, this enables us to have deep insights into their needs. So, what do our creators need and Phil touched on this a little bit, but they are small entrepreneurs. Many of them are solo entrepreneurs or have very small teams. They really need a simple, easy-to-use solution that saves them time that is so valuable to them in their day to day.

When they want to be pouring their energy and their time into creating the programming of their events, our platform makes it so simple to manage all the intricacies of collecting money and managing their registrations on the back end. They also want a reliable platform. They trust us with the core of their business, their money. And so, they need to believe that we are going to not only be up when they need us, but that we're going to take care of them and their customers.

And, finally, the biggest opportunity for us is growth. Over 85% of our creators tell us they need help marketing at their events and growing their audience. There's a huge opportunity for us to connect the consumers that are coming to Eventbrite to look for things to do with the creators on our platform and because of the scale of our platform, the effect is huge.

So, you've heard today from Julia about our mission. You heard from Phil about our strategy for how we're going to bring the world together through live experiences, how we're going to fulfill our winning aspiration, and hopefully, what I've given you a sense of today's who our creators are, what drives them, why they do what they do, the types of events that they hold, and the vast scale at which they do this.

And because of all of – because of our deep attention to our creators and all the ways that we spend time with them, we have a deep sense of their needs and the biggest opportunity that lies ahead for us in helping them sell more tickets and make their events more successful.

And so, after the break, Casey, who unfortunately couldn't be with here – us with – here with us today in person because he is in his hotel room with COVID, will be joining us virtually to talk about how our product and technology is going to meet this need in a really unique and differentiated way. And so, after the break, we'll be joined by Casey, but I just wanted to say thank you, again, for joining us all here today, in person, and online, to learn a little bit more about our business and hear about the growth drivers for our company. Thank you.

Katherine Chen

Head of Investor Relations, Eventbrite, Inc.

Great. Thank you, T. Thank you, Phil. And thank you, Julia. So, we'll take about a 10-minute break right now. We'll get back in the room at around 9:35. For those of you on the webcast, that's about 8 minutes from now. And for those of you in the room, we'll come grab you from outside after the break. Thank you.

[Break] (00:52:48-01:01:16)

Okay. Hi, everyone and welcome back from our break, and I'm lucky because I get a redo. I'd like to introduce our next presenter, Casey Winters, our Chief Product Officer.

Casey Winters

Chief Product Officer, Eventbrite, Inc.

Thank you, Katherine. Thank you, Katherine. All right. Can we get the slides on the screen? All right. Hey, everyone. My name's Casey Winters. I'm the Chief Product Officer here at Eventbrite. And I really didn't intend to do this presentation from a hotel room, but I'm still really excited to share with you all what we've been working on in the product side and what we have coming in the future.

One of the things that really excited me about working with Eventbrite was what the platform was able to achieve from a scale perspective. Eventbrite took this concept of selling tickets online, which was mired in complexity for event creators, lack discovery and had pretty crazy fees for consumers, and really democratized it for everyone. And that created an explosion in the types of event businesses that could be built.

So, when I joined the company in 2019, we're really able to work to, mine all of that data to understand all these different types of event businesses that were being built and really get into the minds of those event creators to understand what were they trying to do with the platform, what businesses were they trying to build, and how we could help them be more successful?

And what we found was this frequent creator that Phil and Tamara talked about earlier, and they were doing something very different with our product, which is they were building, a frequent event business, not just putting on a single event. And we spotted an opportunity to help them, operate that business way more effectively and to be able to grow their business a lot more effectively.

But it represented a pretty big shift in how we needed to build our product. So in 2020, we started working on moving from, making it really easy to create a one-off event to building a true creator platform. And that required us to make a shift in how we built a lot of the product, from reporting to finance, to marketing. Everything needed to shift from making a single event happen to making a business run successfully on the platform.

And, now that we've done that work, I'm really excited to talk to you all today about the next phase of our strategy. And that's really moving from driving, ticketing to ticket sales and becoming a growth platform. And we're going to do this in a couple of different ways, one, through tools that we give to our creators that help them be more effective at their own marketing efforts, as well as connecting creators better with our massive consumer reach by building better and better consumer experiences that help them discover all of these amazing experiences that our creators are putting on the platform. And that will allow us to create a more comprehensive product suite for our creators, but also that we can charge for as a suite to help build a better business.

So, I'm going to dig in a little bit on some of the changes we've made to build that creator platform and then I'll talk a little bit more about the things we're doing to drive the growth platform later on. So, as I said, the shift to build a creator-centric platform from an event-centric platform. It was a pretty big shift we potentially needed to make. So in order to get comfortable with that shift, that that was the right move for our product, we started by dipping our toes in the water with a couple of smaller changes to see how our creators would react. The first thing we did is, we created just a calendar view of a creator's events. So, if you have a lot of different events going on, you could easily view on the calendar, all of them at different times. Click in to them, make quick changes. And we launched that with not much fanfare, very little promotion. And we found that frequent creators found that feature, adopted it and kept in using it pretty quickly. So, that gave us some confidence that we were on the right track in building some of these changes for frequent creators.

We've followed that up with the ability to copy tickets from event to event. When you're a creator, one of the more complicated elements of setting up an event is creating your ticket set up, all the different types of tickets, whether it's the VIP or these various types of promotions, various types of features available at the event and these can take quite a bit of time to set up. So, when you're a frequent creator and you're putting on 12 to 50 of these events a year, redoing all of that work, 12 to 50 times could be quite cumbersome. So, we made it really easy to just copy any previous ticket set up from our previous events to any future event or events that you want. And we saw that 25% of the creators that were exposed to this feature adopted it quickly. And that gave us a lot of confidence that we're on the right track and building for the frequent creator.

So we followed that up with some more complex changes to how the product works for frequent creators. One that we launched in the fall is this concept of creator collections. So let's say you're an independent bookstore and you're having an author series. Before what you would need to do with Eventbrite is you would need to go create event listing pages for each individual author coming into town, market each of those individually, and see how many people you could get to show up to each of those individual events.

Now, you could basically create a collection page that shows all of the different events with all of the different authors, go market that to your existing audience or to new audiences, and then have a higher chance that one of those events will resonate with your audience, you'll get higher conversion, higher ticket sales, more success on the platform. We've seen really good feedback from this feature, and we continue to make it better and better.

And we follow that up with by far the biggest change to our platform to date, which we call Navigation 2.0. What Navigation 2.0 changed is it reoriented every feature of the product from being event-centric, meaning you're looking at it for one event at a time, to creator-centric, meaning you can look at it across your entire business. So now you can look at marketing across your entire business. You can look at reports across your entire business.

And we launched this in Q1, and we've seen pretty amazing results. Normally, when you make a change to how a product is built and how you navigate it, a lot of your existing customers can get upset because you moved where things are and now they have relearn how things are working. We didn't see any type of negative feedback with this change at all. In fact, extremely opposite. It's super positive feedback. Creators are really excited to have this new view at the business level for all of the different areas of the product.

But I think what was more interesting about this launch is we saw significant increase in usage of various features that we had already built in the past. So what this showed is that we had built a lot of value for frequent creators, that was just hidden by the very structure of how Eventbrite was built, and rearchitecting it around the business instead of the individual event, unlocked more value for existing creators that we had already built, but they just couldn't find or they couldn't understand how to use.

And to give you a couple of examples of that, reporting usage increased 150% with this change. Number of people visiting our marketing pages jumped to 20%. That's going to lead to more Boost subscriptions over time. So these are really big numbers, and really showed that we've built a deep intuition of what the frequent creator wants and that we can build a product that's really exciting to them and it's going to help them be more successful, more efficient and grow their business faster.

So obviously, it's great to get good customer feedback, but what's that looking like in the data? And what it's looking like is frequent creators continue to grow on our platform and have more and more success. So not only do we see that from a ticket volume perspective, but I think what's most exciting to me is that we're seeing the number of events that frequent creators put on increase year-over-year. So they're putting on more events, selling

more tickets per event, and [ph] they're being (01:10:11) more successful on the platform. And that's going to pay dividends for us long term.

So I want to shift gears to talk a little bit about the next phase of our strategy around helping our creators grow. And Eventbrite Boost has been a real game changer for our creators because it attacks the two biggest vectors that our creators use to grow their business: paid social ads, which they use to try to acquire new audiences to drive new attendees; and e-mail marketing, which is their primary way that they try to reach back out to people who have attended their events in the past to get them to come to new events.

So we launched our paid social advertising subscription in May, and we've seen really great adoption, really great feedback from our customers. We launched the paid e-mail marketing product in January, and we're seeing really positive feedback there as well. I want to talk a little bit more about why we're so confident in this product and why we think it's so impactful for our creators.

So waiting for this slide to load here. Let me try that again. There we go. First, we make it easy. Marketing online is not the easiest thing in the world, and creators had to learn lots of different tools across lots of different platforms and services, both for their social media, for their advertising, for their e-mail marketing. We've now unified all of this in one place with the Eventbrite Boost, which makes it a lot easier to learn and a lot easier to manage.

We also continue to make it easier and easier to create effective campaigns. We recently made a change that reduced the number of steps to create an effective Facebook and Instagram campaign from eight steps to four steps. That saves creators a material amount of time [indiscernible] (01:12:35) go back to making their events awesome. And what all of this is doing is its getting new creators to try advertising that were too intimidated to do it before. So 66% of creators in Boost are basically new to advertising on Facebook and Instagram. They found it too intimidating before, but Boost is simplifying it and getting them more likely to try it, which then means they're going to grow their business faster and be more successful on our platform, which is really exciting.

Secondly, we make it work for creators. But I think all of you are aware of is that advertising online actually got more difficult for small businesses during the pandemic. But it didn't get more difficult for Eventbrite. We can abstract away all that complexity. We have all of this data to make great targeting and understanding who actually converts, that our creators don't have. And we're seeing that show up in amazing results for the creators that are using our products.

Our creators are seeing up to 60% improvement in open rates on their emails when they use our email marketing product compared to the tools that they were using before. This is flooring our creators because this drives real incremental sales to their events. And when creators use our paid social advertising tool, they're selling 16% more tickets than if they try to run that campaign on their own through Facebook and Instagram. And this is just scratching the surface on the results that I think we can generate, because we're starting to unlock our data to drive these material returns that creators can't get on their own.

When you think about other brands and they try to access their customer data to drive improved performance from a targeting perspective or from an attribution perspective, they normally have to ask their customers to opt in to giving that data to get better performance. We don't. Because we are the merchant of record for every transaction on our platform, we start with 100% of the data on our platform to be able to use to drive better targeting, better reporting, and better results for our creators. And this means that we're going to be able to drive results creators could just have never dreamed of driving on their own. We're just getting started in leveraging this data, and Vivek's going to talk a little bit more about how we do that later today.

Lastly, we educate. Our creators are not professional marketers. They're wearing lots of hats, and we're helping them understand what peak performance looks like from a marketing perspective. We're helping them understand what they should spend time on versus what they should automate. And as Tamara mentioned, our creators really appreciate this because they have to learn a lot about building a great business. They build great events. There's a lot of other detail to building a great business.

And we've earned the trust of our creators to tell them what they should be doing to be able to do more and more of these jobs for them like marketing because of the value we've built in the platform historically. So our creators are really responding extremely well to learning more about marketing, to seeing results they couldn't achieve on their own. And to having it all take less time than it took them, so they can go back to making sure their events are just super awesome experiences for their attendees.

Let's try that again. And what's exciting for Eventbrite with this product is not just the growth in total subscribers and subscription revenue, which has been really, really great, but also, to Phil's point earlier, this is a product that free creators have shown a willingness to pay for. 20% of the creators that are buying a Boost subscription today are free creators who we have never charged a dollar for on the platform prior to them buying the subscription.

And when we launched the e-mail marketing product in January, that number jumped to 40% of subscribers were coming in who were free creators. So we now have exposure to this entirely new audience that we can build products that they're excited about and they're willing to pay for that we've never had in the past.

And we've been working at a breakneck pace with Boost, adding lots and lots of value. And the way that we approach building is we try something, we launch something, we get a few creators exposed to it, we see how well it works. And then as we confirm that's valuable, we scale it up over time. And you could see how we've done this across lots of different areas of the product with Boost. And what we've really been able to confirm is the results that we're driving are game changing for our creators, and it's time to go big with this product.

So the next big investment you'll see on this time line is how in H2 we're going to be making Boost a core part of the product experience for every new creator who onboards on to the products. This is not – this is no longer going to be a second product that you need to discover over time in the Eventbrite suite. You're going to be signing up for Boost and ticketing when you join Eventbrite, and this is a change we're working on in H2.

But the biggest change I'm excited to talk to you about is a brand new product we're launching in the coming weeks, into closed beta, and that's Eventbrite Ads. Creators for a very long time have been asking us, hey, how can I get more access to all the consumers who are searching for things to do on Eventbrite and make sure they learn about my event? And historically, we haven't had a product to sell to them. That's going to change very soon with Eventbrite Ads.

Already today, 24% of tickets sold on the Eventbrite platform come from the Eventbrite audience, not the creators. And there's a lot of opportunity for creators to go get more access to that audience to make sure that they sell more tickets. So what you're going to see on the platform over the coming months is, you could be searching for something specific or you could be searching for what's going on in Oakland, and you'll see promoted results from creators who want to reach more customers, who want to sell more tickets.

And to be clear, we don't need to spend money on consumer marketing to grow our consumer reach. We're seeing well over 100% year-over-year growth in consumer SEO. Our mobile app has grown over 75% year-over-year. The reason we're able to continue to grow consumer impressions so easily is we have an ever-improving

consumer experience that makes the product stickier for consumers looking for things to do, but also the superior distribution channels like SEO and mobile, but also our distribution partnerships with the like of Facebook and Spotify, our email marketing program that we can send to people who have bought tickets in the past to recommend them new events. So there's a lot of ability to tune our distribution channels to continue to grow our consumer reach.

But what we also have the opportunity to do is tune the consumer engagement once they get to Eventbrite. This is an example of a recent change where we made the feed of recommended events more personalized based on previous data with Eventbrite. This generated a 47% increase in engagement than before. We have these types of opportunities to tune engagement and to tune distribution all over the consumer product, and we're going to do more and more work to tune them, to drive more and more consumer growth, which is going to help consumers – which can help creators sell more tickets and drive the growth of the Eventbrite Ad product. So I'm really excited to see this product roll out over the next few months and continue to grow and help our creators be more successful.

I'm going to now turn it over to Vivek, who's going to talk a little bit about the engineering platform and culture we've built to enable this type of growth. Vivek?

Vivek Sagi

Chief Technology Officer, Eventbrite, Inc.

Thank you, Casey. What a trooper, right? Kudos to him for kind of sticking it out. And so, my name is Vivek Sagi. I'm the Chief Technology Officer at Eventbrite. As the designated geek, I guess my job is to put you all to sleep so that Lanny can then come and wake you up with his finale. And actually, I'm really excited to be here and to talk about the team, the culture, and the systems that we have built to kind of power our business strategy. So really excited for the opportunity to do that here today.

So Phil and Tamara showcased some of the extraordinary scale that we have in terms of the millions of creators and the hundreds of millions of attendees and consumers that come to Eventbrite and trust us on a daily basis to kind of connect them with their life experiences, right? And we have an industrial strength, technology platform that is powering this entire business and processing an extraordinary, very high volume of about 550,000 transactions per day.

Now Phil and I are both sports fanatics, so I'll use one of the analogies that he had in one of his slides. To put that in perspective, that's about 15 to 17 times the number for this volume of tickets that the NBA or the NFL sold in any given year into all of their stadiums, the live experiences. So that's extraordinary scale and we're just getting started.

Now we are a mission-critical system for all of our creator businesses, right, and we take that responsibility pretty seriously because if we're down, they just can't sell tickets. They can't engage with their audiences. They can't build their business. So we built up systems, our technology and our processes to provide for 99.99%, also called four 9s availability in the industry. It's a pretty high benchmark. I mean, to put it in a different perspective, that's about 5 points – less than 5 points, 4.3 minutes of downtime in a month. That's what we aspire to from a systems perspective.

Now our creators and consumers both implicitly trust us with their data, but they also expect safety when they come to the Eventbrite platform. So we take that responsibility pretty seriously. So we make sure that we treat all of their personal, confidential information just like it was our own. And that we are compliant with all of our regulatory requirements.

The one thing that stands out to me on this slide is that over the last three years, we have grown our engineering productivity by about 260%, right? Talk about real leverage, that's what we're excited about as we look at our role in growing our business and moving it forward.

And if you think about where that growth came from and where – the kinds of things that we have done to – on the engineering side to get these results, it's by investing a lot within our technology platform; it's by making sure that we automate a lot of things; and it's by ensuring that when we think about the needs of the business, we can kind of not just think about one lever at a time in a sequential manner, which is what we used to do in the 2020 timeframe, right? So this efficiency gain is now allowing us to unlock kind of a parallel-processed, in-tandem execution against all levels of our strategy.

And what we plan to do, though, with that and what we are doing with that is that as we think about 2022 and beyond, we are investing in product innovation around our frequent creators. Casey talked about a lot of the innovation in terms of calendar collections, the addition of PayPal, the addition of Apple Pay to our payment methods, et cetera, that continues, that velocity continues. We're going to invest in Boost and continue to grow it. Since Boost originally launched in 2021, we've had 11 releases, which is about a release a month. And each of those releases has added additional value to our creators. Eventbrite Ads, brand-new product that will launch soon, and we plan to continue with Boost-like innovation philosophy on that product, too.

And then the data insights, which I'll cover a little bit later in my talk, right, we plan to bring our data to life and to make the data not just be raw data, but process it, enhance it, get insights out of it, and embed it across all of our product portfolio to really make that data actionable and usable by our creators, our attendees and also by our business. So that's the – that's what we're excited about was that we finally have the productivity gains on the engineering and the infrastructure side to really go and build out against our strategy aspirations.

I do want to spend some time on focusing on what got us here. What did we do to get that 260% productivity? First, no surprise, we are now 100% cloud-native. So a lot of companies do this. We are doing this, too, primarily because we get the reliability and the scale at a price point that makes sense for Eventbrite to be global and to continue to scale.

We automated the heck out of our development processes to remove manual intervention, to remove toil that is waste. What that means is the way we build, test and release software is completely automated. We've taken out human beings from those processes, while putting in place automated checks and metrics and alarms, so that when something goes out, doesn't work, it automatically rolls back. You don't need human beings manning the consoles.

Phil talked about focus, and focus is important. We also sunset noncore features or products that weren't a part of our strategy, that don't focus on the frequent creator, that were maybe adding a lot more noise than value that they were creating. So by doing these three things, we were able to get the efficiency and the productivity unlock that is driving the road map and the acceleration in our product releases that Casey talked about earlier.

There is a side benefit of this I love, too. My engineers are overall, I think, generally more happy because you take away manual toil from them as you have them innovating at a much faster clip and they see it succeeding in the market on a daily basis, they're just more happier and more pumped up and more charged up to come up next day and kind of build again. So that's been the unexpected side benefit of it.

I wanted to then change gears a little and dive deep into two specific optimizations that we have done recently within our existing product portfolio because one of the advantages of Eventbrite's scale is we can always get enamored by that next new product, that next new feature that we want to launch, but the opportunity is unbounded on what we can do within the products that we already have, right? So we have millions of listings pages. Casey alluded to this earlier. So think of a listings page as a creator saying this is my event. This is the detail of that event. And then a consumer goes and says, am I interested in purchasing a ticket to it or not.

We have millions of event listings pages. And we just focused on it and said, let's make this page faster. So we made the page about 47% faster from a load time perspective. Number one thing, it's just better for the consumer, right? When a consumer comes to a page and it loads faster, you've just saved them some time. They appreciate it. They may not notice it, but they appreciate it. And as soon as we did that, we saw about a 52% increase in the SEO traffic coming to that page.

Now this is completely because of that one change. It's separate from the 100% year-over-year growth that Casey talked about. This is on top of that. And we're just getting started. So what we have done now is we have instrumented our entire core creator and consumer workflows to ensure that we know what the load times look like, and we are very diligently working to improve page load times. Two reasons. First and foremost, it's just a better customer experience. Let's do the right thing by them. But second is, as we do that, are significant organic strength in terms of traffic coming in, SEO rankings should all benefit from it. So that was one example.

The second, I would say is, at the scale that we operate that, there's a plethora of opportunities for us, right, to optimize our revenue conversion funnel. And what do I mean by the revenue conversion funnel? This is folks going from search to a listings page, from listings page to checkout or going from an e-mail that we send out on an open rate to a listings page. All of these are revenue conversion funnels.

And when you think about the leading marketplace companies, they're constantly innovating and making these better. I'll share an example, Amazon, right? They take on a goal of about grabbing a 1% to 5% improvement within their checkout conversion every year. And they've been doing this for the last 10 years. The problem gets harder and harder, but the way you get there is by endless experimentation and finding a winning strategy.

We did our first one earlier this year, right? We went out into the checkout conversion experience and we said, let's take a look at it. We believe that we can optimize it better and convert it better. Just one successful experiment, and the addition of Apple Pay have led to about 8% improvement in conversion, which is millions of dollars of incremental revenue for us. And we're just getting started. So without even looking at the new, the existing, the scale that we have, this kind of a continuous optimization, continuous improvement will lead to tangible business and financial results for us.

Now doing this needs a different mindset, but it also requires us to build the capabilities. So we now have the experimentation framework. We also have the data analytics capability and the skillsets within the team to be able to do this across all of our revenue conversion funnels. And I'm really excited about what we can do within our existing business and improve and continue to grow that, but the primary goal of making it a better customer experience, and then also the new innovation that we're talking about, all of the other dimensions, too.

So I joke with my team that I'm not the CTO for just Eventbrite. I really am the CTO for millions of small businesses and creators across the globe, right, because they treat Eventbrite as their mission-critical business, right? And that creator is just fantastic at their craft. I mean, I'm amazed at the kinds of things, I think, T showed a few of them in the videos, things that we can't imagine, right, the creativity that they exude, it's stunning. But they

just sometimes don't have the time or the skills to cobble together a host of systems to try to get an event management business online for themselves. So they look to us to be that event management business.

A lot of our creators just upload their customer lists into us. And then they say, hey, you're my customer data management or CRM system. And they manage their entire business from attendees to financials to how much money they made on the reporting side to how they're growing their audience on Eventbrite. I mean, I feel proud to have that responsibility. There are days when I'm like, I'd be letting them down, but it's powerful. That's why we're here.

Now with all this data that they're giving us, right, there's something that we do that is unique to us that I do want to call out. They trust us with their data because we tell them this is their data and they can have it whenever they want. There are no controls. There are no filters on when they can access that data. But second, we take that trust and by adding data insights on top of that raw data, we're allowing them to build more successful businesses.

So let me talk about the trust what it converts to for us, right? So as creators and attendees trust us with their data, we are processing billions of data points on our platform. And these are rich, first-party data points, things like location that somebody went to an event, what time, with how many people, what category of an event was it, right, what price point did they buy the ticket at? This is all very, very rich first-party data that we have the privilege to collect at a normal scale within our platform.

Now Casey, I think, had mentioned – I'd go to the next slide, maybe, but – yeah, Casey had mentioned, I think, ease of use, right, as one of the reasons that Boost is having the success that it was having in the marketplace. And that is important. But ease of use by itself is not sufficient if we can deliver better outcomes. And what we are able to do with all of this rich first-party data that we have access to is, we are able to derive data insights that are allowing our products to be more successful in driving successful outcomes than the de facto.

As an example, we are able to drive about 16% better return on ad spend on Facebook when going through Boost for our creators than going to Facebook directly. That is the power of the data. And we've just started scratching the surface on how we are unleashing that power to do three things: to help our creators grow their business; to help our consumers discover and live their lives in a much more vibrant way with better live experiences; but then third, by embedding this kind of data intelligence within all aspects of our business operations, the way we operate on a daily basis across any function. So we really are using data to grow our events and to grow our business.

T, Tamara spoke about how, on the marketing team, they're very customer-obsessed. I think we are kind of customer-obsessed on the engineering side, too. And we take it seriously, right, because like I said, I'm the CTO for all of them. Our engineering team similarly is the engineering team for not just Eventbrite, but for the millions of creators that we have across the globe.

And I wanted to get into a spiel about this one customer that we used and this whole slide deck was built around it, but life is full of surprises. So I ran into Cory Schneider yesterday at a creator event that we had. And somebody told Cory that Casey was the one that was responsible for all of his happiness and I was the one that was responsible for any unhappiness he had on the platform. 45 minutes of a fantastic conversation followed.

And Cory is an example of a super power user for us, right? I mean, he really goes into – as he's growing his business, he pivoted from being completely within New York, just confined to New York, real-time, real-life experiences to suddenly exploding to virtual, organizing events in London with thousands of attendees, he figured

out a way to use our APIs to cobble together a solution that was able to scale up. But he's got a little bit of a technology background and a marketing background, right? So it took him about 300, 400 hours to cobble together four or five systems to do what he needed to do to operate events of 30 people in New York versus 1,000 people or 1,000 attendees across the UK and the US simultaneously.

The majority of our creators don't either have the skills to do that or they don't have the knowledge to do that. But what individuals like Cory and creators like Cory tell us is the art of what's possible. And that's kind of what you're seeing reflected on this slide here today. So we built collections. We built workspaces. We built NAV not because we somehow have this crystal ball that we're looking at, but because there were creators, power users on our platform that were doing that pretty successfully. And all we had to do when we saw that clear demand signal was to listen and act. And then we – that's why we're not that surprised and we shouldn't take too much pride that the results are following because our creators are paving the path for us.

Doing all of this, unleashing the 260% increase in productivity or accelerating our product road map is not possible without having a very strong engineering organization. As we pivoted to a product- and engineering-driven self-serve platform strategy, no surprise that the mix of our head count moved more towards being product, engineering, and design. Those are the functions and the capabilities that are leading the charge for us on this strategy.

But we're doing it being very conscious of costs and also making sure we get the maximum efficiency on this journey. So while our revenue has grown by about 101% over the last year, our engineering head count has only grown by about 21%.

Our mission matters, and the ability to have immediate, global, measurable impact is really allowing us to attract talent from some of the best companies in the world. And I think it's important for me to highlight one specific story, that of JC Fang, who is a tech fellow, and maybe one of the senior-most engineers on our team. JC came to us from FANG. And when he was at these FANG companies, he was their senior-most Web frontend engineer, too, but he was getting incredibly frustrated with how slow he was building. He had to build and then wait for a week to get approvals, take two weeks for it to launch, and then – just he was getting frustrated by that.

So after he's joined us, on any given day, JC is spending some portion of his time teaching our engineers. He likes that mentorship and coaching aspect of it. He ships code into production across multiple parts of our stack a couple of times a day. So he's really happy that he can ship code without any of the bureaucracy. But he's also taking a big role in implementing our technical vision to back up our business strategy.

It's stories like JC Fang that have allowed us to increase the seniority of our team by about 6 points, right? So we've been careful about it. Not adding a lot of costs. But that seniority matters because that's the cloud expertise, the distributed computing expertise that we have bought in-house, that is allowing us to drive the 260% or so productivity gains that we have seen in the last three years.

We are a global team, right? So when I think about where our development hubs are, we've grown in Spain and Argentina last year. The US continues to be a great location for us from a talent perspective. We recently announced the news of us launching our newest hub in India with the goal to hire about 50-or-so engineering, product and design talent there by the end of the year.

But unseen below all of these numbers is some of the leadership that we're now taking on and building diversity within our organization. On the engineering side, I think that companies and teams that are pretty comfortable with, hey, we're at 14% or 15% diversity or gender diversity on our teams, maybe 20% is our target, and we don't

believe that's sufficient. We need to be bolder. So with our India team, we've announced that our goal is to build 50-50 gender diversity across all of our engineering product and design functions.

And we believe that's the right thing to do not just because we want to be in the news, but it's the right thing for us to do because it reflects the diversity in our creators, our attendees, and it just leads to better business outcomes.

In 2022, we'll launch about 50 major product releases, Boost, products for frequent creators, our – Eventbrite's Ads business being some of them. But then we're also going to launch about 1,400 minor releases. These are about – averages to about four releases a day. And that just is about 2x the amount of release velocity that we had two years ago. Hopefully, I'll be back here in a year or two years and we'll talk about how we've grown that another 2x or 3x over the next few years.

And this is important because this product velocity is accomplished by taking human beings out of the mix. And whenever somebody is ready to add value to the customer, that code can just go to production. This is what's driving the accelerated road map. This is what's driving the accelerated delivery that you heard Casey speak about.

To give you an idea of how 2020, 2021, and 2022 look like. In 2020, we focused on making our events work within the COVID environment. That was the focus. In 2021, we focused on our foundations, the engineering productivity gains that we achieved, and on our fit – product fit for frequent creators. In 2022, we're going to be doing everything. We're going to continue to improve our foundations. We're going to continue to build for frequent creators. We have released monthly for Boost. That velocity will continue and it'll accelerate. And we plan to launch Eventbrite Ads and make that a very successful product.

So to summarize it, we have the talent. We have proven that we can drive the productivity gains, and we've shown that we can start executing on our road map in a very parallel-threaded, multifaceted way that we weren't able to do it before. And I'm really excited about that.

And I want to now call Lanny to kind of wrap it up for us by tracking all this back to the numbers.

Charles C. Baker

Chief Financial Officer, Eventbrite, Inc.

Okay. All right. Thank you, Vivek. And I want to just take a moment to tell you, in the, I don't know, 15 years since I left your side of the table and have been in the company side of the world, I've been involved with at seven, maybe eight different technology companies. And I have never seen a product and engineering team, and particularly an engineering leader like Vivek affect more change more quickly than he has brought to this company. It's really remarkable.

And so, when we stand up and we tell you that we are a product-led organization, the work that he just showed you is absolutely fundamental. There was a number on his slides that I think could have gotten past if you weren't paying a lot of attention. And that was the percentage of capacity that's going toward new product innovation and toward new development. He showed that a couple of years ago, that was 20% of our capacity. And today, that's 48% of our capacity. That's a 2.5x increase in the amount of energy that we're putting behind evolving and innovating and advancing our product.

You are just starting to see that. And we have a really big agenda, as we're in – as you've heard today, to continue to iterate and accelerate on that product. And we have the team on the product side and the development side to do that. So Vivek, it's really a pleasure to follow you and Casey and everybody else as well.

I want to do three things today. I want to describe how our business model works. I want to explain to you how we intend to drive growth in revenue and in cash flow in the future. And I want to share with you the long-term financial targets. We get asked about that all the time. But I want to tell you where we think this business goes.

I'm hoping that as I do that, you will get a clear sense of how the opportunity, the strategy, the customers, the product, infrastructure, all these things are working together to create value for creators, to create value for consumers, to create value for shareholders, and to create really important value for the employees and the communities that are inside and all around Eventbrite. I love how that financial equation is coming together and I'm really excited about where things are going.

Now I want to take one minute before we go any further, to just – to say a couple of things. I am so happy to be here. And I felt this incredible nervous energy over the last couple of days because I haven't been in front of a live audience like this in a really long time. I think I attended maybe one investor conference over the last 2.5 years. It's so fun to be back together with all of you. I feel, Julia, talked about that seminal moment of reengaging with gatherings of people. This, for me, is absolutely that. And it's been almost two years since we've done this.

It's also been almost two years since we did a really fundamental project to rework and refocus the strategy and the operating structure and the game plan of Eventbrite. We have been sitting on a story that you've heard today that we have been dying to tell to you. We felt we had to tell it to you and we could get together in person, and the timing today is really perfect.

Today, there are – we're on track to have about 10,000 New York City residents purchase tickets on our platform for over 180 events created by 160 different creators in this marketplace. That's just one city, that's just one day. So the gathering that's coming together is us in this room and it's also we're seeing in our business. And I just want to say thank you all for coming out today. Thanks for everybody on the phone. It's really fun to be here once again.

Now speaking of good timing, we're also now about two-thirds of the way through the second quarter and things are looking better than we'd initially expected for this quarter. Consumer demand, in particular, is really strong for live experiences. And many Eventbrite creators are seeing record levels of revenue, of ticket sales that surpassed not only anything they've seen since the pandemic, but for many of our creators, they're selling more tickets today than they were back in 2019 and in 2018 prior to the pandemic. The health of the market is really, really strong.

So we've updated our business outlook for the quarter. We now anticipate that revenue will be between \$64 million and \$66 million for the second quarter compared to our original outlook that was \$60 million to \$63 million. And we expect to be adjusted EBITDA positive for the fourth consecutive quarter in this quarter. So a lot of momentum. Really makes the timing that we have today exciting. We're so glad to be here.

Let me talk to you about the – where we've been in the last couple of years. We've been through a lot. There is no doubt about it. We weathered a very difficult, very challenging COVID storm. But in that storm, we took time to really refocus the company, to structurally improve our business model with permanent changes that are in place today and will continue to roll and compound in the future. And we laid out for ourselves, and we're sharing with you today, really a transformational growth plan that moves us in a big new direction and a significant expansion of our TAM with customers that we already have and customers we will continue to acquire.

We are a vastly stronger company today than we were in 2019 or 2018 or any time prior to that. Our gross margins today are in the mid-60s and they're headed higher. As the volume and the revenue continues to scale,

we'll see more leverage on the gross margin side. We're managing expenses very, very tightly in this business. Now we're clearly reallocating resources in the direction of product and in the direction of engineering because that's what drives our business. That's our competitive differentiation. But we've scrubbed our expenses. We've improved the bottom line profitability of the business, and we're going to show to you today what kind of commitment we have and what we will adhere to in driving incremental profitability going forward.

The work that we're doing on the development engineering front is paying off in customer growth and in customer success. And our adjusted EBITDA margins prove that we're delivering more valuable – more value to our customers today than we have at any time in our past. So the investments we're making are yielding revenue growth that's driving profitability.

And on our balance sheet, we have over \$350 million of cash. We are very well-financed with a very flexible capital structure as well. So this is a company with a super strong financial foundation and an enormous opportunity ahead of us. The last 12 months have not been open season for live events by any stretch. And yet, we've done, as you heard a couple of times, \$2.8 billion of ticket value. Another 200 million tickets processed for free events. 85%, 90% of those free events have some economic engine and incentive behind them as well. So we are ready to support – we're supporting this business and we're ready to support a much bigger and significant growth into the future.

Our total addressable market is not simple to size. There's just – there is no industry stat. There is no [indiscernible] (01:50:58) market share table that you can look up. And in many ways, I'm reminded of companies like Etsy and like Airbnb in their initial and early days where you had groundbreaking businesses that were taking personal passions and making them accessible literally to millions of people. And that's exactly what we are doing. In that environment, you can have, what we believe, is a truly unbounded growth opportunity.

Live experiences are a fundamental human need, and Eventbrite sits right at the center of this expanding market. The expansion of the live experience market I would claim is powered by Eventbrite's innovation and by Eventbrite's leadership, much like it was with those other – the growth of those other companies that I referenced a minute ago.

The history of our growth that Phil talked to you about, the scale of our business that Phil showed you on those slides, they confirm what we know and what we see and what we hear from our customers all the time. We have confidence that we can grow this business far beyond where we are today, and our opportunity is truly global and multidimensional. Beyond just the markets we're in today, it extends really all around the world.

You heard from Tamara about our creators and their business model. Their business models are really pretty simple. Its launch events, drive attendance to those events, and sell tickets, or in the case of a free event, whatever the other, sell a subscription or sell a membership or sell supplies or whatever it may be that's propelling that, or generate charity donations that's driving those creators. That's their – the business model applies to every single one of our creators. They all look exactly like that.

Eventbrite's business model, we think of as a series of gears that link and embrace that business model of our customers. So as Tamara said, when our customers succeed, Eventbrite succeeds. And we reach around their business. Really, it is true. Creators are the center of what we do. We reach around that business. We're bringing in more creators and earning more value for the services that we provide to them. So this is a model that has a very powerful alignment between the incentives of our customers and the incentives of our business, and that is not something that exists at every company.

As I said, I've worked in a lot of places, and in a lot of places, there isn't that sort of alignment between the interests of the customer and the fundamental interests of the business. But I will tell you that where it does exist and it exists here very, very powerfully, you will often find very compelling growth, customer retention, and value-creation dynamics. And that's what we have at Eventbrite.

Each of the five gears in our revenue model is fueled by a bunch of different drivers. At the highest level, there are external secular market forces such as the creator economy and the generational shift that values experiences over possessions as well as the rebound from where we've been in the last couple of years. Underneath that, there are very important strategic and tactical initiatives undertaken by Eventbrite, such as that one slide that was the foundations to the frequent creators, to the marketing tools, to the demand generation, to the consumer. Each one of those steps leverages these gears and drives growth.

And then, there are internal product-related activities, marketing-related activities, sales and support activities that hit on each one of our gears, Eventbrite Boost and Eventbrite Ads being two very important new drivers of momentum across our engine. So as these internal and external forces combine, we believe we can drive very strong, very sustainable long-term growth.

And now you can see the gears in action if you look back at the quarter that we just reported, the first quarter of last year. In the first quarter, we delivered better than 100% revenue growth from \$27 million, \$28 million to \$56 million in revenue. That 100% growth in revenue in the first quarter was driven by a 60% increase in the number of creators, a 30% increase in the number of tickets per event, and just single-digit increases in the average ticket price and in the take rate.

No one of those gears had to grow at 100% year-over-year to produce 100% year-over-year revenue growth. Instead, progress on multiple gears creates leveraged growth and an overall revenue momentum that can be much stronger than any one of those inputs. And that's really the point. Steady progress on each one of these gears in our business can drive very, very strong and very sustainable overall revenue growth.

Reflecting on the power of the gears in our growth engine and how perfectly aligned our model is with our customers' interests, we believe we can deliver consistent, sustained revenue growth of 20% per year or better. And now that's from a normalized base after the pandemic recovery, which is still very much in force today and probably extends through 2022 into 2023. So we're talking about the long-term growth of our business.

And here's the path to delivering 20% compound annual growth over the long term. The assumptions are: driving paid creator growth in the high-single digit to low double digits; tickets per event growing in the mid-to-high single digits; and events per creator average ticket value and take rate just growing in the low to mid-single digits on a year-over-year basis. And if you tally up those numbers, as probably some of you have already done, across the low end of that ranges, you'll come up with a 20% revenue growth formula. At the high end, and this is our aspiration, and it's certainly the potential in our business, it's more like a 40% year-over-year revenue growth rate.

I want to go a little deeper into each one of these growth drivers. First, paid creators. It's the most important gear, where we're adding 40,000 to 45,000 new paid creators each quarter. This is being propelled by the secular momentum of the creator economy that's leading people to share their passions, share their events, to convert their podcast into a seminar, everything else you've heard about today. Everything we do is aimed at giving creators confidence that they can do it, they can do it on their own, and they can do it on our platform successfully.

Our leadership and scale also play really huge roles here. Last quarter, there were 1.4 million events on our platform. There were 63 million tickets transacted on our platform. That level of breadth and scale and visibility drives our business. It leads to word of mouth. It leads to industry leadership. It leads to product innovation. The scale that we have drives the fact that 98%, 99% of our customers sign themselves on to our business without us ever talking to them, and the fact that the vast majority of our growth is driven organically by the content that we generate or by the experiences that we give people as individuals who then become creators or they learn from other creators about our business.

So paid creators is critical. You've heard a lot about the things we're doing to drive the growth of creators. Creators are at the center – amongst those creators, frequent creators and event frequency is really at the center of that target, that – it's a very big bull's eye around frequent creators that you heard about from Phil. And we are intently focused on delivering ease of use, efficiency, and allowing creators, as Casey said, to focus on organizing their event and marketing their event, rather than managing their event and doing all the backend manual processes that Eventbrite really takes off the plate for them.

When we spend time with creators, like we do all the time, every few weeks, we're in front of a number of creators at this company and have personal contact with them, the thing we hear about from them over and over and over is, oh my god, you guys are my event team. You make everything easy for me. You allow me to do what I'm doing. You let me get back to what really brought me into my passion in the first place, which is that community, which is that experience. And you take care of everything so reliably and so trustingly on the backend.

As we've shifted our product focus from the event, like Casey talked about, to the creator, we've attracted and retained more of those frequent creators. That was our goal. That was the product we built, and it's really made a difference. Casey showed you how the trend in events per creator has changed in the last couple of years. And if you look at where we are today versus a year ago or 2021 versus 2020, we were up 20% in events per creator amongst those frequent creators. If you go back to 2019 – in 2021, we were up 30% in events per creator just on frequent creators. And so, we are helping frequent creators do what they want to do more, which is grow their audience, and that audience then spills over into more events.

Let's talk about the audience because this is an absolutely critical piece of where we're headed in the future. We contribute to event attendance in a dozen ways. And with the product strategy that we shared with you today, I hope you can see that we have a very strong commitment to doing even more to drive event attendance. And event attendance is really central to the plans that we have.

This is fundamental to creator success. And when Phil talked about consumer trust, the things that we do to create consumer trust and impart trust to consumers that they can trust and rely on the creators and on the events that are on our platform, whether they can find something to do or something that will match their interest, or a community that they can connect into, that consumer trust in the Eventbrite brand really – it helped propel our customers' business.

We gain that consumer trust through investments that we make in discoverability and visibility of events, in the community, in personalizing the experience for the consumer, in recommendations. And very importantly, in the safety that we provide around events, whether that's making sure that the content of events is appropriate or making sure that fraud on our platform is kept to the most minimal levels possible.

As the graph here shows, as paid ticket volume has grown over the last couple of years, Eventbrite's contribution to creator success has steadily increased from mid-teens, high-teens percentage of paid ticket volume to close to 30% at the end of last year. And then in the start of this year, when we had a flare up of the Omicron variant and

total ticket volume subsided, Eventbrite became even more important to our customers' business, at 30% of total paid ticket volume.

So there is much more that we can do here. We are already making tremendous progress. And obviously, the things that we are doing in – at Eventbrite Boost and at Eventbrite Ads are very much part of continuing to be an engine of ticket sales and event per ticket growth for our creators.

The next gear in our model is average ticket value, and this is fundamentally a representation of the fit between creators, the event and the community that they've got and consumer demand. So we don't set prices. Often, our creators have an intuitive feel for how their events should be priced. Now we do provide insight into the pricing of events. I think the really prime example was at the start of the pandemic when events started to shift online, many creators tried to pivot their business. And because they had a very different cost structure than online events, they decided that the right to do was this new and unfamiliar format was to lower the price. So with \$40 average price that we'd seen in in-person events, all of a sudden it was a \$30 price for the online experience.

We looked into the data and we could see really clearly that people who are pricing their online experiences on par with their offline experiences were selling just as many tickets as the people who were discounting the online experience. We published research about that. We made that recommendation. And within just really a couple of months, in about 2.5 months, we saw the average price of online events close that gap and come right back up to where the in-person events had been historically. Those are the kind of like moments of insight that the data that Vivek and Casey and others were talking about that we can provide to our customers that really help them be more successful.

But overall, this gear of average ticket value is probably the one where we have the least influence on a day-to-day basis. But it's a very highly diversified and diffused input to our business model. There is not one or two categories that distort or influence the price. The average price is – if you look at that pie chart, more than 50% of the volume is within \$10 and \$40. And the rest that's not within that \$10 to \$40 range is evenly split below \$10 and above \$40.

And when you parse through different categories, you look at music or business, you'll see there's some category differences, but within each one of those categories, you see the same kind of distribution of prices. There's high-priced music events. There's high-priced professional events. There's low-priced music events. There's low-priced professional events. And so, the ticket price dynamic for us is just a very well diversified and fairly stable input to our business. It's one that really is driven by our creators and by consumers.

Now the take rate is the final gear in our business. And in many ways, I would say this is where the rubber meets the road in our business model. This reflects the value that we can earn from creators matched against the scale and the economics that we have to price our services competitively and attractively for their success, for our acquisition, for our retention, and for everything.

As we've added to our product over the – added value to our product over the last couple of years, especially for frequent creators, we've seen that impact our take rate. So although we had a dip in the first quarter of 2020, when, as Julia talked about, we were processing refunds and the cycling of refunds artificially depresses at that time the observed revenue take rate.

If you look from 2018/2019 to where we are today, we've added about 1 point to our take rate over that period of time by focusing on the most valuable, the most successful, the most stable, the most resilient customers, and matching their needs and delivering a product that better, better fits with everything that they want us to achieve

for them. And looking forward, with the product plan that Casey outlined, we believe we can continue this trend of growing our take rate.

And now, let me take you through some representative examples of the way that we see Boost and particularly Eventbrite Ads fortifying our take rate into the future. So here's our representative creator. This is a fictional one just created on a spreadsheet, but it's wholly representative of actual creators in our business, selling 40 tickets to four events a month at \$40 in – on an average ticket price. That's about \$6,400 for that creator in that month.

At a 7.8% take rate, we earn about \$500 from that customer in the course of a month. When that customer adds Boost at \$50 monthly subscription fee, to simply manage their digital advertising, it's really not that tough of a call. They're spending \$50 to manage a \$1,200 to \$2,500 marketing budget. And we talked about a 16% increase in results using Boost versus doing it on your own. You can see very easily that kind of an increase or even half that increase would cover the cost of Boost a couple of times over.

So Boost pays for itself very, very quickly with improvements in ease and performance that we're delivering. And that subscriber stream – subscription revenue stream for us is a really predictable revenue stream. It's recurring revenue stream. Transaction revenues on the ticketing side start fresh at zero every month and then build throughout the course of the month, the subscriber revenues will come in at the beginning of the month, knowing what we've got, knowing what our plan is. And it changes. It makes our business more predictable.

It also has a very nice profitability characteristic in that the subscription revenues do not have a ticket processing cost associated with them. In our core ticketing model, I'll show you this in a moment, we pay a transaction processing fee associated with the sale of the ticket. In the subscription revenues, that's not there. So the gross margins on the subscriber revenues are probably 20%, 25% points higher than our core ticketing business has been historically. Not to mention that when Boost helps customers be more confident in their marketing spending, invest more in their marketing spending, be more successful for the marketing spending, it drives more ticket sales, which goes back into the primary transactional engine of our business.

In the first quarter this year – now Boost is small. The numbers up there are small. We're early days. We're just getting started with this product. And as you saw, the product momentum is accelerating. But in the first quarter this year, we had \$3.09 of revenue per ticket. \$0.03 of that came from Boost, even today already at this small scale. That number is going to continue to grow.

Let's talk about Eventbrite Ads and let's add that into the picture. And here, I want to be clear we're looking into the future. This won't be material in 2022. But this page, I think, starts to show you why we are so excited about Eventbrite Ads.

Number one, creators are asking us for this product and this service and this functionality literally every day. We're sending out e-mails. We have a flagship presence in the event business. We have local, what's going on in your market? We have following lists. We have e-mail lists. Creators are asking all the time, how can Eventbrite help me get in front of the customers whose interests you already know about? And the economics of this, for us and for the company, for shareholders, for propelling future investment and product, are very, very appealing.

You can see, for that \$6,400 creator, they are spending, as I said a moment ago, about \$1,200, \$2,500 on marketing their events in the course of that month. And with a relatively small share of that, low-single digit, low-to-mid single-digit share of that for Eventbrite, we believe Eventbrite Ads can be a \$50 to \$150 of additional revenue for our company. That's – when you put Eventbrite Ads alongside Boost and you look at where our take

rate, which is already improving, is today, these new product iterations represent an opportunity to drive 20% to 40% improvements in our take rate and in our value of customers, the value of those customer relationships.

So we can put all of this together, the unit economics, the cost structure, and shift to talking about a little bit our margin targets and the long term of our business. So this depicts the unit economics of our business today. Starting with a \$39 ticket price and a 7.8% take rate, we're earning about \$3 – a little over \$3 in revenue per ticket. Our gross margins have been about 64% in recent quarters. And that gross margin at 64% includes about 2 points – 2 percentage points of the ticket price going into transaction processing costs. And then the rest of the cost of revenue there is infrastructure investments and a little bit of support that we do in – on the cost of revenue side.

Below those unit economics is the rest of our business. And in reality, the rest of our business is not unit variable. But I'll just show you the numbers today. We spend about \$70 million or \$80 million on our product investment or product and development investment. It's mostly people we're managing in Spain and Argentina, in the United States, and opening up India to access talent and continue to grow our resources and our availability to build the product that drives everything.

Our sales, marketing and support is mostly people. There's a small cadre of inbound and outbound salespeople and a few million dollars in marketing activity, and then support – customer support, customer success teams. And our G&A is really just public company costs and also the finance team that's required to support a \$2 billion, \$3 billion and growing transactional business all around the world.

Looking forward, as ticket volumes and revenue scale, both from transaction volume growth propelled by secular forces, propelled by our product, propelled by the recovery and as revenue grows from Boost and Eventbrite Ads, we can deliver very strong incremental margins. In fact, at the bottom of the page, our target and our guardrails are to deliver between 20% and 50% of year-to-year revenue growth to the bottom line. And we feel confident in our ability to deliver on that kind of flow-through and that kind of incremental profitability.

As we grow, we see some room for increasing ticket prices based on geographies, based on type of events and based perhaps on a little bit of inflation. We see upside in the take rate, like we've just talked about, from product improvements and the uptake of services with incremental value such as Boost and Eventbrite Ads. And as I mentioned earlier, our gross margins will continue to scale, scale towards 70% with processing costs at about 2% of average transaction value.

Below that line, product development, sales and marketing, G&A, these are discretionary areas of expense and of investment and we will manage them very carefully within those financial guardrails at the bottom of the page.

As Julia said earlier, we target adjusted EBITDA margins of 20% or better in the long term. That's not easy right now to stand in front of you and tell you exactly what quarter, what event, what year we'll get to those numbers because there's the recovery from COVID. There's the normalization post-COVID of our marketplace. There's the question of how quickly we will scale Boost and the uptake and adoption of Eventbrite Ads. But it's definitely within a reasonable investment timeframe of two to four years.

There's considerable leverage in our model, in gross margins, in G&A expenses, and we'll continue to make investments in our – I went one forward. We'll continue to make investments in product development. That's probably the one line where there's room for improvement and operating leverage where we're going to continue to make investments because they are what's driving growth and differentiation and value in our business.

So let me wrap up, close it all out. We'll get to the question-and-answer in just a moment. We're saying that – Julia started out talking about our aspirations for the long term. And to be a growth engine for creators, we feel we've got everything aligned. We have an incredible foundation in the engineering team and in the data resources of this business. We have a very focused strategy that's built on firsthand knowledge of creators and their needs, like you heard about and saw from Tamara.

We're in an inflection point. This is why the timing of this meeting is really so perfect. In our product road map to address much more of customers' critical needs, this is going to play out going forward. We have leading brand and scale across our industry and true momentum in the recovery of people wanting to get out and get back to live experiences. And that trust that we're seeing consumers place in Eventbrite in our events, in our platform, in our product is exactly what's driving the strength that we talked to you about for the second quarter, strength we saw in the first quarter and what we expect to play out over the rest of the year.

Our financial engine is built for growth. It's built for sustainable growth. It's got multiple levers. It's built for profitability against, as what Phil described, is a massive, global, multidimensional opportunity to grow this company in the long term. And in many ways, underneath all of that, surrounding all of that, probably the most important thing is we have a mission that matters. It really matters to us that you all came out today to spend time with us. It really matters that we got to spend time with you to tell you about what we've been working on over the last 1.5, 2 years. And what we do for creators and for consumers all around the country, all around the world, really matters. Those things add up to an equation that leads us to be incredibly bullish about the long-term future of this company.

I hope you share that. I hope you've learned a lot today. And we're going to take a quick break while we put some seats up here on the table – on the stage, and we'll take your questions. Thank you.

[Break] (02:17:23-02:23:35)

QUESTION AND ANSWER SECTION

Katherine Chen

Head of Investor Relations, Eventbrite, Inc.

A

All right. We are going to go ahead and get started with Q&A. For those of you in the room, we're going to have two microphones circulating in the room. If you'll raise your hand, I will bring the mic over to you. And before you ask your question, please state your name and your firm. For those of you on the webcast, there is an ask a question button on the top right of your screen. So we'll go ahead and get started.

Youssef Squali

Analyst, Truist Securities, Inc.

Q

All right. Thank you very much. Is everybody...

Julia D. Hartz

Co-Founder, Chief Executive Officer & Director, Eventbrite, Inc.

A

Yeah.

Youssef Squali

Analyst, Truist Securities, Inc.

Q

...can you hear me?

Charles C. Baker

Chief Financial Officer, Eventbrite, Inc.

A

Yeah.

Youssef Squali

Analyst, Truist Securities, Inc.

Q

All right. Excellent. Youssef Squali at Truist. Thank you guys for doing this. It's a pleasure to see you all. So maybe a two-part question either for Phil or Julia or maybe a combination of both. So we talked a little bit about TAM. And to your point, Lanny, TAM is – at least for this segment, for this business, it's pretty hard to try to come up with an accurate depiction of it.

But even using the \$3.2 billion, which you guys have been using pre-IPO, which in my mind probably undermines the marketing side of things, the ads side of things, can you maybe just speak to the broader kind of competitive set? Even if you use \$3.2 billion, I think you guys have mid-to-high single-digit percentage market share, which says that 90% belongs to other players. So maybe can you speak to that?

And then your ability to maybe grow through some of these competitive pressures, particularly considering that you seem to be coming out of the COVID much stronger than potentially other smaller players, right? So that's one. And then maybe you can talk a little bit about M&A as a potential area of growth, since you guys talked about the organic side of things, but not about the inorganic opportunity. Thank you.

Julia D. Hartz

Co-Founder, Chief Executive Officer & Director, Eventbrite, Inc.

A

You want to talk about the competition? I'll...

Phil Silverstone

Chief Customer Officer, Eventbrite, Inc.

A

Sure. I'll – that's [indiscernible] (02:25:41) feedback. All right. I'll kick it off. Yeah, I mean, I think it's fair to say the market, to the point around our current share, is pretty fragmented with a lot of small players. I think that's where our conviction lies in seeing it less than as how do we compete for the transactional space and more, how do we provide that holistic solution for the creator.

And in that sense, none of those competitors are really doing that. And so, it both takes it out of the equation that we're looking at them as direct competitors from a transactional point of view, because in providing that holistic solution, we will win share on that side. And it really opens up that TAM. So that \$3.2 billion is just on ticketing fees. The marketing side of things isn't taken into account there. And again, we think that's a 2.5 to 5x size TAM based on how we see creators spending their ticketing revenue today.

Julia D. Hartz

Co-Founder, Chief Executive Officer & Director, Eventbrite, Inc.

A

On the M&A side, the environment for us is rich because we have a proven playbook that can be exemplified by Eventbrite Boost, which is – Eventbrite Boost, the actual engine of that technology is a company previously known as ToneDen, about 20 to 25 mostly engineers who'd been working on this concept of and had been in market with a solution for specifically events to be successful in paid social advertising.

We partnered with them over two years. They were an integration partner for us, so creators could use ToneDen as a marketing tool from our app ecosystem. Got to know them. COVID hit. So delayed making the deal for a while. Made the deal in November of 2020 and went live in May of 2021 with Eventbrite Boost. And so, that technology, married with our data, has been what has really made Boost the killer product it is today.

There are more of those in the market. And so, as we continue to play forward here profitably and we have \$355 million on our balance sheet, we will be judicious and observational in how we can make deals like ToneDen happen again, mostly around capabilities that our customers want, our creators and our consumers that they want. And we're observing the teams around the world that are doing that the best and getting ready to, I would say, like spring-loaded the pounds because we know as the market starts to change, there's going to be advantageous deals for us to make.

Youssef Squali

Analyst, Truist Securities, Inc.

Q

But it's on the tools side, not on the customer acquisition side.

Julia D. Hartz

Co-Founder, Chief Executive Officer & Director, Eventbrite, Inc.

A

That's right. I think that where we are not focusing, so the strategic choice of what not to do is spend money on buying customers.

Ryan Sundby

Analyst, William Blair & Co. LLC

Q

Hey. Ryan Sundby, William Blair. How are you guys doing?

Julia D. Hartz

Co-Founder, Chief Executive Officer & Director, Eventbrite, Inc.

Yeah.

A

Ryan Sundby

Analyst, William Blair & Co. LLC

Thanks for inviting us all today. It's great to be here. As you look at the five gears that underline the business or at least the top line, I know you laid out the growth expectations for each one, but should we think about each of these gears turning in motion at once? Or are there some that start to speed up faster than others?

Q

Charles C. Baker

Chief Financial Officer, Eventbrite, Inc.

Yeah. Well, it's not only about their speed, it's about their size. I mean, like, really, the way gears work is like you get a bigger gear and you get a lot more leverage down the engine. And that's – so let me shift the metaphor a little bit.

A

What I would say is that the way it typically works is that event attendance swells and then they create another event. And so, then it releases, right? And so, now I was doing a 40-person event, now all of a sudden, my event is at 60 people. I'm going to add another event to the calendar. And now I'm back with 30-people event. I grow them until they're at 50 people, and then I add another one. So those two gears are really about audience reach, and they're just two expressions of the same thing.

And they – and we have a huge product emphasis and an inflection point in everything we're doing about going to market not as a ticketing platform with Boost, but as a growth engine for your business, giving you customers, giving you tools, and giving you the ticketing transactions on the backend. So I think, a core thing that you should expect, Ryan, going forward is that, that audience engine is really a very primary focus of our investment activity.

Now if we do well on audience, as we do well, on the audience generation and support and accelerating our customers' business, two natural knock-on consequences of that are going to be the platform's more attractive to creators to stay on it, to come to it because we're driving creators to be more successful. And on the far end, we're delivering more value to the customer and it's going to drive our take rate.

So I think, the way I would think about answering or conceptualizing what you're talking about is our product investment has moved – Casey and Vivek and the team that they work with, hundreds of people, have moved the product market fit of the transactional event management for frequent creators to really tight fit. And that gives us opportunity and permission now to shift resources increasingly, as you saw in that stair step, toward marketing tools, toward demand gen and toward consumer. So – and those investments will drive attendance, which drives – which fuels the first gear and which certainly we'll monetize in the fifth gear.

Ryan Sundby

Analyst, William Blair & Co. LLC

Got it. That's helpful. Thank you. It also feels – clearly event discovery is becoming more and more important. I think 30% of paid tickets were through your platform. Now with Eventbrite Ads coming next, when do you start to lean in more on the marketing side to drive volume to the Eventbrite sites, I guess?

Q

Tamara Mendelsohn

Chief Marketing Officer, Eventbrite, Inc.

A

Sure. Well, I think as Casey mentioned in his portion of the talk, we have an incredible growth engine in the organic side of our business on the – for our consumers. And we're just beginning to tap into that. There's a significant headroom of growth through SEO. Consumer SEO is growing 100% year-over-year. The increases that Vivek talked about in terms of optimization to the consumer funnel, we're just getting started there.

And in our app growth, we're seeing also significant growth year-over-year in consumers that are discovering our app because they are introduced to it through the ticketing element. So we have this very – we have a huge and organic funnel that we have just begun to optimize. So there's a lot of headroom there, and that's sort of our first phase because there's just a significant growth to capture.

I think as we move into, like, further years, outer years of the consumer strategy, that's when you'll see us start to do more experiment and – more experimentation and put more paid marketing to work potentially on that side of the business. But for the foreseeable future, we just have – we see a really long runway on the organic side.

Ryan Sundby

Analyst, William Blair & Co. LLC

Q

Great. Thanks. And maybe one more. Lanny, I know you said you didn't want to put time lines on something like Eventbrite Boost. But clearly, you saw strong adoption here just in year one. Any ideas on where that subscriber base could go over time? And maybe what holds it back here in the near term in terms of adoption even faster given the benefits you've talked about?

Charles C. Baker

Chief Financial Officer, Eventbrite, Inc.

A

The target customer for Boost is the frequent creator. It's a – it's got – it's really designed to help you manage the complexity of marketing multiple events all at once across a bunch of different platforms. And none of the creators that you saw out there have a marketing department. They don't have an advertising agency. They're doing it themselves. And Eventbrite is and Boost is that marketing agency, and it is that resource for them.

So the first customer target is to get to a significant penetration of the frequent creators. That includes the free event creators, as Casey talked about. They're a big portion of the customers. And that's pretty cool because it's a monetization of like three times as much ticket volume that has never historically been directly monetized, so that creates a lot of value in our flywheel. So I'd say first target you should think about is penetrating that base of frequent creators. Second is – frequent and paid creators.

Second is tapping into the frequent creators on the free ticket side. And it's hard to determine right now, Ryan, how high up is. We're one year into the product. We have a major, major, major enhancement to the product coming with Eventbrite Ads that I think is going to really increase the appeal and sort of the immediate intuitiveness of what this product is all about.

And I'll tell you, on the far end of things, our survey data with customers really consistently tells us 80% or 85% of our customers, free or paid, will tell us, what I would like the most is help growing my audience. So I mean, this is – the long-term opportunity is really, really high. But the first focus will be on getting significant penetration. We're at 3,000 customers today, like, getting significant penetration against frequent creators.

Cameron Mansson-Perrone

Analyst, Morgan Stanley & Co. LLC



Thanks. Hey, guys. Cameron Mansson-Perrone, Morgan Stanley. One for Casey. I'm a little sorry to call on you. I hope you're feeling okay. But I wanted to follow up on what you mentioned in terms of making Boost a core experience across the creator base in the second half of the year. How should we think about what that experience looks like? And how does it compare to the subscription product?

Casey Winters

Chief Product Officer, Eventbrite, Inc.



Yeah. So the main difference you can think about is when a creator signs up for Eventbrite today, they're signing up for that existing product that we've been working on for the last 15, 16 years, right, of event creation and setting up your bank account so that you can get paid. That's the funnel that creators go through.

In no part of that funnel today are we selling Boost, are we bundling Boost with that core experience. So we're making a change to the activation flow when you sign up as a new creator to introduce that marketing component, at the same time, we're introducing these other features, like event creation and setting up your payouts and how to get reports. So that's the major shift that we're working on right now that we'll launch in the back half of the year.

That will create a big expansion in the exposure of creators who learn about Boost, to know about Boost, and it'll be positioned fundamentally as a core part of the product the same way event creation, getting paid, all of that kind of stuff is. So that's the big game changer in terms of awareness of Boost and adoption that we expect.

And then as Lanny talked about, we also are making a big investment in making that product even stronger with Eventbrite Ads that we're super excited about as well. I think that will take a little bit longer to have a material impact, as Lanny talked about. But really spending time talking about Boost and the core activation flow for every new creator, we're pretty excited about the impact that it'll have on Boost subscriptions.

Julia D. Hartz

Co-Founder, Chief Executive Officer & Director, Eventbrite, Inc.



[indiscernible] (02:37:00) on the monetization side that, with this, we're not doing away with the current monetization scheme of subscription revenue for Boost, even if we move it into that flow. And you can imagine, in the future, as someone comes to Eventbrite and walks through that front door, they're going to see Boost plus everything else, plus the core with a strong pricing scheme that makes it super simple to walk through that front door and to both pay Eventbrite for the value that we're providing on the marketing tool side as well as sign up for to use Eventbrite and pay the transaction fee.

Cameron Mansson-Perrone

Analyst, Morgan Stanley & Co. LLC



Got it. Helpful. Thank you both. And then one follow-up on just you talked about frequent creators being about a third of the creator base today. In terms of where that could go long term, presumably, there's some share of the creator base that isn't interested in becoming a frequent creator. How should we think about is that an appreciable percentage of the base? How – like, what would the ceiling be? Or how should we think about where that one-third can go over time?

Phil Silverstone

Chief Customer Officer, Eventbrite, Inc.

A

I mean, I can take a first pass. Lanny, jump in if you feel differently. I mean, the way we try to depict it on the slide was the three concentric circles, which basically says frequent creators are where we're focused. But there's a lot of other creators, to your point, like that may never become a frequent creator that find utility on the platform. And so, to that end, I don't know that it matters so much that it's more than 30% that are frequent as much as it does that, that whole pie is expanding.

And we certainly would expect in the near term, as we focus on frequent creators, that share to increase. But I don't think it should be capped as a percentage in that respect if that whole pie again continues to increase. Does that make sense?

Cameron Mansson-Perrone

Analyst, Morgan Stanley & Co. LLC

Q

Yeah.

Vivek Sagi

Chief Technology Officer, Eventbrite, Inc.

A

The other thing I would say is that data, at the end of the day, it's a lifecycle, right? Most creators will come and they're creator, they'll create an event. Some of them won't succeed and may never come back. But that's where I think our data can make a difference for those creators that are talented, that know how to do things but don't know how to operate a business.

If you can give them the right insights at the right moment in time, which is, hey, when you're creating an event description, it matters. Maybe these are the words you need to use. These are the tags that you want to do. This is how you need to market. Our hope would be that we can actually inflect the curve and have more first-time creators who might just not have known how to create a successful event, find success and then transition into that frequent creator market.

Charles C. Baker

Chief Financial Officer, Eventbrite, Inc.

A

Absolutely. What Vivek said is exactly right, which is that when a creator comes on, does their first event, we don't know they're a frequent creator, maybe not in their second one. It's not until you see them sort of establish themselves on the platform. And so, things we can do to help them cross that chasm of trying it once, doing it twice, and being successful over the next 50 or 100 times is what will drive the growth of frequent creators. But I don't think that shift between the two, I don't – isn't a huge driver of the equation going forward. We welcome both.

Dae K. Lee

Analyst, JPMorgan Securities LLC

Q

Dae Lee from JPMorgan. Thanks for the event. Really great to be back out in person and seeing people in person again, so it's great to be here. So my first question is on your long-term growth opportunity. You guys have talked about international as a driver of that. So how much of international is baked into that opportunity? And as we think about you expanding more into other countries, what are some of the factors that you guys are considering and looking at new geographies?

Charles C. Baker

Chief Financial Officer, Eventbrite, Inc.

A

Let me start by saying, I think, the most important thing that we are thinking about in terms of other geographies is we are embarking right now on a big transformation of our business. And as that transformation becomes more fully formed and more fully developed, the engine that we have to go into any other market is that much stronger in terms of the customer value proposition and that much stronger in terms of the economics to fund our growth and make it high returning.

So in other words, if you take a model that's a transactional model and you apply it around the world or its transaction model plus a subscription fee for Boost marketing tools, that's more appealing. You make a transaction model plus subscription plus the advertising engine and as that formula is – boy, that is a much stronger machine to go out for international expansion into other markets. So the way we're thinking about it is, it's sequenced. And that is to say in the long term, you've seen the math, there's an enormous amount of opportunity for us globally.

Right now, in the current like investment horizon, it's about making the core fundamental product stronger for the customer and stronger economics for the business that are already fairly strong, making it significantly stronger. And then that will sort of make sort of a natural incremental investment into other marketplaces.

And so, we feel like we weigh these things. Where is the highest return? And the highest return that we see right now is investing in expanding the product portfolio into that 20% to 40% of the marketing of the creators' budget that we're not currently addressing. It feels to us like just adjacent. Our customers are asking us for that opportunity with very high returns that once it's done will make the other dimension of the international growth that much easier, that much more compelling, and that much more attractive.

Phil Silverstone

Chief Customer Officer, Eventbrite, Inc.

A

I would only add to that as well that the great data that we get on that opportunity, that helps us to prioritize. And so, being self-sign on or rather organic led in how we acquire customers and being self-service in the model, is how we have a 180 different country – or events in 180 different countries today without even doing a deliberate effort to expand geographically. And we get all that data right, then where we see where the growth is stronger in one market or the other, that implies product market fit and gives us the opportunity then to prioritize it relative to other investments to make sure we're getting the best return.

Dae K. Lee

Analyst, JPMorgan Securities LLC

Q

Got it. Okay. And then as a follow-up, Vivek, you talked about improvements in revenue conversion. So how do you – how does your revenue conversion compares to other marketplaces today? And where do you see the biggest opportunity going forward?

Vivek Sagi

Chief Technology Officer, Eventbrite, Inc.

A

I think the first thing is, I would say that, we're definitely unique. So I would say, were not e-commerce. We're not like a different experiences-based marketplace. We really are unique, and like I think Phil said, we are that one-stop shop for our creators to be able to do all aspects of that business, right?

I think our potential – and Lanny correct me, I think our potential from a revenue conversion perspective may be higher than a lot of other marketplaces once we achieve our full potential, because, I mean, this is a life experience, right? And I think, like Phil said, people are valuing life experiences a lot more than they are material possessions. So when you want to go off and do something and that's a onetime event, the only chance to do something this weekend, you obviously want to convert better because you just want to go do it versus maybe that one purchase where you can come back to it a month later and it will still be around.

I think our potential from a total conversion might be higher in my opinion. But I look at it purely in terms of – rather than chase somebody else, we're just baselining it [ph] all of up on (02:44:11) conversion funnels. And then what we are saying is, what's the data telling us? Where is the drop-off in that funnel? And if you have 1,000 people at the top of the funnel and 4 are coming through, let's focus there, right?

It takes different shapes or forms depending on native apps, logged in. It's a smaller top of the funnel, but the opportunity to grow that by 20, 30 percentage points means we might focus there. So it's the forest versus the trees, which tree do we pick to go after. So I think my answer would be compared to what our potential is there's a lot of headroom for us to go and improve on, and I don't want to compare us to some other marketplace.

Peter Cobos

Analyst, Broad Bay Capital Management LP

Q

Hi. Peter Cobos with Broad Bay. I think I heard at the beginning of the presentation you guys talking about this sort of revenue growth goal up into – up to something like \$1 billion in revenue. And if you kind of marry that with your incremental margin targets, it looks like your EBITDA margins could be much higher than 20%. And so, I guess, what would stop you from getting well above the 20% goal you just set out?

Charles C. Baker

Chief Financial Officer, Eventbrite, Inc.

A

Well, I would say, I know I'm back in the room with investors when you tell them where you're going and they say can you go a lot higher. And so, yes, we can go a lot higher. But we're at 6% today, and we're going to have another profitable quarter this quarter. And in the long term – I think you're looking at the model correctly, in the long term, particularly when you consider – I mean, I think, one of the biggest questions about margins and sort of growth horizon is what percentage of the revenue ultimately becomes marketing services and subscription tools because those are 25 points greater profitability.

There's no incremental G&A associated with that stuff. I mean there's a little, but it's very, very modest. There's some sales and marketing, some support costs associated. But largely, we're selling to customers in the same motion as we talked about that we're not going to invest incrementally on the sales side. But there is some product investment.

So I think as you think about the long-term margin structure, the one thing you should – we really want to be clear that you should expect is we are going to continue to invest in our technology because it's proven that our customers value it. And they can't do it. And there's nobody else doing it the way that we're doing. So that's the one place where we're going to continue to make very aggressive investments to build out the portfolio, the product and build it and add value.

But I mean, I think, let's do this, let's get to north of 20% on a sustainable basis, and we'll talk about how much further it goes than that. But I think you're right in your intuition, that this could be a very, very profitable business.

Peter Cobos

Analyst, Broad Bay Capital Management LP

Q

Cool. And then maybe one more, kind of, if you look at your – the model you just presented over the medium to long term. Can you just talk about your cash flow and maybe cash flow per share expectations in that framework?

Charles C. Baker

Chief Financial Officer, Eventbrite, Inc.

A

Well, from a cash flow perspective, there's one distortion, if you look at our – it's – I mean, there's one, sort of, outside factor if you look at, like, cash flow from operations in our business. And that is that ticket sale proceeds come into our account. We hold those, in most cases, until after the event transact and then we release those to the creator.

So with growing ticket volume and growing ticket sales, we're bringing in more cash today for future events than we're distributing on the events that sold 30 days ago. So there's a working capital dynamic there that is driving free cash – cash from operations and free cash flow in, kind of, the classic definition.

I would say that we don't currently, and we don't have any plans to do anything with that cash except protect it for our creators and protect it for the consumers in the event that the event can't go on for some reason and we want to be able to quickly and timely, confidently provide a refund back to consumers. So, our cash flow from operations looks great when the business is growing, not only because of that dynamic, but also because of the improving economic profitability of our business outside those, sort of, monetary factors.

So, free cash flow in this business can be great at that gross level and it can be very, very strong. The capital expenditures that we have are very minimal relative to revenue. And most of the investment that we do in the product is directly through the P&L, there's a very small amount that's capitalized at this time.

Othello Lamont Williams

Analyst, Stifel, Nicolaus & Co., Inc.

Q

How are you doing? Lamont Williams, Stifel. The first question I had, Lanny, now with your focus on frequent creators, how are you thinking about advances and guarantees?

Charles C. Baker

Chief Financial Officer, Eventbrite, Inc.

A

Yeah. So, there's two different kinds of advances. And so, there's one kind of events that is an advanced payout of ticket sale proceeds. And we are thinking about that as a way to enable success of events and provide working capital to our customers' events. During the first quarter of this year, we had imposed during COVID a limit on how much we would advance to creators out of their ticket sales just to protect consumers, just to protect the ticket buyer in the event that for some reason the ticket couldn't – the event couldn't go on, and we want to be able to quickly process that. So, we brought – we had increased reserves of how much we held back and we lowered how much we would extend to creators in the advance payout program. And just in the first quarter, we raised the limit of how much we will advance to creators under that advance payout program to a level that very few of our creators are going to touch to the limit.

So, I want to be really clear. On the advanced payout front, this was a big topic of interest when the – in the uncertainty of the early days of COVID. The reality is the loss rate on advanced payouts during COVID is lower than it was in the company's history. The community came together. Creators refunded their attendees. They didn't want to walk away with money that they – on events that they didn't have. And many attendees said, you

know what, \$25 to this thing, I'm passionate about for the ticket or \$40 per ticket, that's not the biggest thing that I have on my mind right now and, you know, you could – that there's considerable breakage in that. So advance payout, you should think about something we're very committed to as a way to enable the success in the working capital dynamics.

There's another thing which is advances that are upfront payments that are almost like pre-discounting of future ticket sale. And that with the investment that we're making in our product is not on the table right now. We're growing the creator base, frequent creator base very, very well. Most of these creators, you seen 98% of them, 99% of them signed on themselves without even talking to us. And so, the model that exists in some parts of the industry where ticketing platforms will provide capital to somebody to build a venue or to launch some – that's just not – that's not where we play, that's not how we're managing our capital and that's not – we'd rather invest in the success or the sort of functionality of the product. And you could see as we've done, our take rates improved, our customer growth has been great and just sort of being a bank, there's lots of other banks. Eventbrite is not the bank for those advances.

Othello Lamont Williams

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Okay. Just you mentioned about 97%, 98% of creators self-sign on. I know you still have a small sales team. How are you thinking about sales within the organization and is there any opportunity to maybe get a little bit more aggressive with sales [indiscernible] (02:51:59)?

Charles C. Baker

Chief Financial Officer, Eventbrite, Inc.

A

Yeah. Well, I'll let Phil talk about that. We are we are definitely in an environment to be more aggressive with our sales team. The change that we made to the upper end of event payouts was specifically feedback from our sales team of saying, hey, we think there're bigger events out there. If we could provide – we could ensure to them that they're going to have the working capital stage of that event we'll be able to bring them on. But we've – you want – I think you should describe how we've rebuilt [ph] that team (02:52:23).

Phil Silverstone

Chief Customer Officer, Eventbrite, Inc.

A

Yeah. I mean, I think rebuild is the right word. We took the opportunity coming out of the pandemic to really refocus or rebuild the sales model in a different line. And so, we stripped out anything like those upfront advances or anything like that and really focused on how do we make that channel profitable? How do we make that channel something that if we choose to invest capital in it from a business point of view, it's going to give us an attractive return. It can't compete with self-sign on, by the way, which has very, very low acquisition cost at all because we got to pay for a seller or – and their commission.

But we turned that into a channel that has really, really attractive returns. And to that end, from a company perspective, we'll invest in it as much as we think we can to maintain that return. So, what we're looking at this year, we're adding some sellers. We'll continue to add more and more to that model as long as we can maintain the same return to it.

I don't think that's going to get into like a 1,000 sellers or anything like that, but certainly can be bigger than it is and we're hungry for that growth, and it's a really different dynamic for the sales team as well in so much as the businesses right behind them and it's like just show us the opportunity and we'll write the check, again at the attractive returns that we've been able to create in the new model.



Hi. [indiscernible] (02:53:47) Harbor Asset Management. Thanks for the presentation and time. I think a pretty clear takeaway is your growth can be driven by frequent creators and just adoption, penetration of your marketing tools. So, maybe just one question on each of those. Just first on the creator side, can you talk a little bit about retention rates? How changes in the macro economy impacts that? And then also, you had a slide trying to show the range of competition, but do you have any sense as to just number of frequent creators that could be on alternative tools or platforms that to be some form of low-hanging fruit to come to Eventbrite?

Julia D. Hartz

Co-Founder, Chief Executive Officer & Director, Eventbrite, Inc.

[indiscernible] (02:54:34)

A

Charles C. Baker

Chief Financial Officer, Eventbrite, Inc.

Okay. Why don't you start on the economic outlook and...

A

Julia D. Hartz

Co-Founder, Chief Executive Officer & Director, Eventbrite, Inc.

Yeah, sure. I mean, I think that when we look forward, we bring some of the past with us. One of the virtues of being 16 years old, where in tech world, that's like you're not supposed to talk about your age. I think it's pretty cool because we've already been through sort of at the time shocking economic meltdown in 2008 and 2009. And certainly different circumstances on the macro front, different companies size-wise.

A

Some of the consumer behaviors we're starting to see all over again. So, because our average ticket price is \$40 and because Eventbrite is so distributed and fragmented from a type of event, we definitely see strength through kind of harsher economic times. People generally want to go out and they want to better themselves, i.e., they've been laid off. They want to learn a new skill, make a job change, meet other people through networking events. They also want to be more hedonistic. Probably not a huge shocker that wellness events are down and food and drink events are up.

And these are cool consumer trends, but it's actually the resilience of our creators that makes us so like bullish about the future no matter what happens around us. And then, we see creators that are successful today on the platform have been through their own version of hell. They have been through the nuclear winter. When all gathering ceased and was actually restricted by governments that was the ultimate black swan moment for our customers.

So, I'm not trying to say that it won't be difficult, but I am definitely saying that between our creators, who matter most to us, and our team, that's been through the exact same experience, I really welcome that, the challenges that will be coming through this recession and the challenges ahead because we have a competitive advantage for all the reasons I had just laid out.

Do I talk about retention and...?

Charles C. Baker

Chief Financial Officer, Eventbrite, Inc.

A

Yeah. I would say – and then we'll get to the third question about where are the other competitors. On retention, over the last two years, as we've invested in the product migration that Casey talked about, it's been a massive improvement in the frequent creator experience, and the frequent creator retention looks really different today than it did a couple of years ago.

And, I think probably a large chunk of that is that the platform's allowing them to be more successful. If we look at gross ticket sales per creator right now, our reference is for the overall average, in the last few months, it's been higher than 2019 levels. That leads to great customer retention when they're doing better than they were pre-pandemic with a product that's built for ease and, specifically, for their use case needs. So, we've made great strides on the customer retention and we'll continue to make a progress there, I think, with the – I mean, literally, marketing tools and demand generation are number 1 and number 1A on the customer request list of what they want us to put on the turntable next.

I think, to the question and, Phil, you can add to this...

Phil Silverstone

Chief Customer Officer, Eventbrite, Inc.

A

Yeah.

Casey Winters

Chief Product Officer, Eventbrite, Inc.

A

...or why don't you take it on whether the platforms that frequent [ph] creators may be on (02:58:19)?

Phil Silverstone

Chief Customer Officer, Eventbrite, Inc.

A

And I think they undoubtedly are using other platforms at the – here's the key difference, though. None of those platforms are building for the frequent creator as a segment. They think predominantly about category. So, they might be building for a conference or for a music or an event or whatever it might be. And, I think, what we've come across here and what's given us the conviction to focus on frequent creators is that the needs of the creator are not best defined by a category, but more so by the nature of how they run their business and, in this case, the frequency.

And so, as we've focused our investments there and you've seen from the stats that we've been able to grow things like the number of events per creator and the number of tickets per event or, rather, the attendees prevent, that's just going to attract more and more and – that's a winning strategy then for the creator to move on to Eventbrite, if they are using one of those other platforms. And none of those competitors are thinking that way about the market and, therefore, none of them are building the value in the same way that we are.

Julia D. Hartz

Co-Founder, Chief Executive Officer & Director, Eventbrite, Inc.

A

I would say, like the largest competitor we have is actually [ph] cobbled (02:59:21) together homegrown solution. So, the single biggest slice of the pie, when we ask our customers what were you using before, was like we just [ph] cobbled (02:59:30) it together. We are using a combination of Excel and spreadsheets and cash at the door and a Google Form, and it was so hard to manage. And, as our events have been growing, it has gotten really cumbersome for us. So, there's a large majority of our new customers are coming from homegrown solutions.

Q

And then, just a second area of focus, just on the marketing tools and attachment rate. Obviously, this is going to be a huge driver of the network effect in the flywheel here. So, can you just – I think, it's clear that we know the ROI that the product delivers for your customers and, I think, the 3,300 customers is impressive. But as investors, certainly you want to have more confidence in the ramp that [ph] this will (03:00:17) become a high penetration rate. So, are there any similarities and tools that your customers are using that's kind of easy to attack to switch over to EB? Just any other thoughts that can help give confidence that this attach rate really should hockey stick over time, or even in the near-term. Thank you.

Julia D. Hartz

Co-Founder, Chief Executive Officer & Director, Eventbrite, Inc.

A

Yeah. I think it ties back to what Casey was talking about earlier, in terms of how we introduce the product to our frequent creators, because we're not going out and trying to acquire, like, net new creators for Boost or Ads, because we know that the frequent creators and the creators in our base want a solution like this. It's all about raising awareness with them. And for the frequent creators who have a very, sort of, predictable motion about how they use our product, they've been using for a long time, it's hard to interdict and say, hey, we've got something new for you, and it really needs to happen in that onboarding as they're setting up events. And so, that's the shift that we're going to be making into the product experience, and that's where we get the scale.

And when you think about the scale of consumer or the scale of our creators that are either coming through new product onboarding or are coming to the main – their main dashboard, by inserting it into those product surfaces, that's how we get in front of increasing numbers of our existing customer base with the most effective, compelling messaging, because it's at that right moment for them, rather than just trying to infiltrate their e-mail box or notify them through broader marketing tactics.

Casey Winters

Chief Product Officer, Eventbrite, Inc.

A

And I would say about the second part of your question, I would point back to the competition slide. So, we've been around long enough to have a wonderful mosaic of TAM slides and competition slides. This is the first time that we've really shown the competitive landscape by which the creator is thinking about their business. So, I'd reference those four quadrants in terms of like the killer apps that we would be building or looking to acquire for our creators, because those are the four things, the monetization tools, the streaming technology, those are the demand generation. Those are the things that our customers are thinking about all the time.

And as we gain traction with something like Boost, we're also injecting other key capabilities like email marketing. So for instance, something actually that we didn't really even talk about today is that for our creators, email marketing is vital. They have these mailing lists. They send out weekly, monthly emails about their events. They, in their core product, had a cap on those daily emails at about 2,000. We introduced a premium email marketing tool in Boost. So, you have to be a member of Boost or a subscriber of Boost to be able to use this email tool. And we saw the number of Boost subscribers coming – so, free creators adopting Boost shoot up because we lifted the cap, it's a much more sophisticated campaign management tool. We're going to continue to build into it. And [ph] that's it (03:03:24) for us vis-à-vis the other solutions that a creator could use, which are often very expensive and very complicated to use on email marketing, that's an indication that we can continue to drive value and we're doing it through Boost right now. But those are other areas that we can continue to push into and it's all capability based, right? So, I think you're thinking about it the right way.

Casey Winters

Chief Product Officer, Eventbrite, Inc.

Yeah. I probably am the least...

A

Charles C. Baker

Chief Financial Officer, Eventbrite, Inc.

Go ahead Casey.

A

Casey Winters

Chief Product Officer, Eventbrite, Inc.

I'm probably the least likely person in the audience to get this number right. But I believe there are a dozen email marketing providers with \$100 million in ARR, at least. Lanny, you might know the exact metric. But you could think about a few of those companies off the top of your heads, that's definitely some areas where our creators are coming from to try the Boost product versus some of the tools they've been using the past. And look, we love if they use those tools. We love they use Boost. We love them investing in any tools they can use to grow their audience. But as Julia said, we're showing you we have some pretty impressive performance that we can generate for them at, in most cases, a lower cost than what they're paying today from other tools.

A

Vivek Sagi

Chief Technology Officer, Eventbrite, Inc.

That is exactly right. I think the stories that we hear from our creators is our email open rates are much higher than almost every other email provider that they've used in the past. Again, that's the reputation that we have the fact that an email comes from Eventbrite. And then second is the cost at which we can deliver that is so much lower than what they were doing with previous providers. And that just happens to be one feature of a very massive portfolio of features that we are building on the marketing automation side.

A

Katherine Chen

Head of Investor Relations, Eventbrite, Inc.

Okay. Are there any more questions in the room?

A

Julia D. Hartz

Co-Founder, Chief Executive Officer & Director, Eventbrite, Inc.

You said going in for the bonus question.

A

Q

Maybe somewhat related to what you guys were just talking about, and that is how to further monetize the free base. So, in every freemium model, often the provider kind of tweaks the offering to kind of increase the conversion rate. Maybe – and having been in business for 16 years, you have plenty of experience with maybe tracking that. Can you maybe speak to that how has conversion rates from free to pay is? And as we think about it, is it mostly monetization through Boost and through advertising potentially versus ticketing, which has been core to the business?

Julia D. Hartz

Co-Founder, Chief Executive Officer & Director, Eventbrite, Inc.

A

Yeah. I mean, I think that the value of free is inherent in the flywheel, right? I mean, it is, it is how we have such a strong SCO ranking. It is how people discover and come into contact with Eventbrite and how Eventbrite the brand builds at ubiquity and how creators feel like they're validated by using Eventbrite. It provides us data to build look-alike audiences, to create smart, dynamic audiences for Eventbrite Boost. Those are just a couple and I'm sure my teammates can keep going.

And so it's incredibly valuable. It is really the lifeblood of Eventbrite and I think one the unique points of Eventbrite is that we went broad and horizontal and we also didn't make some pretty common, I would say, mistakes in gating who can use Eventbrite. So that really contributed to where we are today. When we think about how we how we could bring value to free creators, we think a lot about the fact that there's a significant portion of creators who are hosting an event and has a revenue component in the event, it's just not in the ticket. So clearly, the transaction fee doesn't translate. So it really is around delivering value to them that is proprietary to Eventbrite that they would readily want to pay for.

The email example in Boost is a clear indication for us that we can drive that type of value and charge for it with very, very little effort and friction. And so we'll continue to look toward that free creator, that professional free creator who's hosting an event that has lead gen at selling merch, that has some sort of revenue component and offer them more sophisticated tools that they'll pay Eventbrite for because we're driving a core engine of their model, which is number of people going to the event.

Charles C. Baker

Chief Financial Officer, Eventbrite, Inc.

A

Migration, I think there're kind of three classic creators, they create paid events, they create free events and they create combo. The migration between those buckets in their events happens but it's not prevalent. And so this isn't a model where a lot of creators stood out doing a free event and then they gain confidence and they switch over. That's – it happens but that's not the primary driver.

When you think about free, one of the ways I think about it is last quarter, there were 40 million free tickets. The cost of getting in front of 40 million ticket purchasers in a quarter to tell our story from a classic medium, how would you even begin to do that?

And so, the visibility that that gives us just the interaction with people in our marketplace, the data, the brand visibility, the crowding out, anybody else who wants to build a platform has to chop through a moat around or swim through a moat around our business that is an enormous free support to the ecosystem is really competitively valuable, and we do not look at the free. We don't expend energy trying to say to free creators, okay, you should now price your event because our economics are better when you price your event. There's a little bit of that, but that's not like the – it isn't like a – this is not a classic freemium model in that sense.

Q

My last question, maybe for Vivek. From a technology standpoint, what could go wrong with just rolling out the promotional or the promoted listings? Is there anything that could cause it to maybe get pushed out or anything that could maybe make the numbers a little less?

Vivek Sagi

Chief Technology Officer, Eventbrite, Inc.

A

Yeah. [indiscernible] (03:09:54) but I'll say, I think we have talked to it pretty well and, I think, the way we build it is incrementally. So, like Casey mentioned, that we plan to go with a very closed beta in the Q3 timeframe. So, that will be good. We'll test and learn from that pretty rapidly and then scale it out during the rest of the year.

What could go wrong? I think with the lens that we're looking at is not what could go wrong but, man, this thing could just go out of the box and be so successful that how do we scale it up, right, and how do we scale it up where we are now thinking about like we thought – we saw [indiscernible] (03:10:28) Boost adoption curve, we think, this one's adoption curve would be steeper just because the inherent demand is so much stronger. So, getting everything ready on our side to scale it up and really kind of unleash the beast on that front will be interesting on our side, I think.

In terms of the release itself, very few, I would say, risks. We have talked to most of them and our incremental approach to product development will ensure that we'll put a lot on time.

Katherine Chen

Head of Investor Relations, Eventbrite, Inc.

A

Okay. Great. If there's no more questions in the room, we'll wrap up the Q&A with just one from online.

Julia D. Hartz

Co-Founder, Chief Executive Officer & Director, Eventbrite, Inc.

A

All right.

Katherine Chen

Head of Investor Relations, Eventbrite, Inc.

A

So, this comes from an online viewer, a webcast viewer. It looks like there's lots of positive developments in the business. A lot of products are coming up. What would you pinpoint as the one thing or maybe one or two things you're most excited about that you would point us to track in terms of milestones?

Julia D. Hartz

Co-Founder, Chief Executive Officer & Director, Eventbrite, Inc.

A

Well, I'll answer the question and wrap this up for the day. I wanted to say thank you to everybody here. It's not lost on us that you have a lot to do. There's a lot of noise out there. And there are a lot of places to be. And it's easier to be probably back in the virtual world, toggling between several of these. So, thank you to those of you who are here today especially and thank you to those of you who have been covering Eventbrite through this period. It's becoming a distant like memory that really dark, scary time of March of 2020. You're looking at people who lived through that time and took advantage of that moment to reset this company. We found a new lease on life, and it didn't take that long for us to know exactly what we were going to do with it.

By June of 2020, we've been building on that strategic – that set of strategic choices that we made, and that meant that we had to make the choice to not do a lot of things to get to where we are, to do the amount of work that we've done. This – we're not bringing in here to get a pat on our back for how much work we've done or how we survived this crisis. We're here because this is the beginning. And we want you to come along. We want you to understand the strategy. And we want you to understand and know what to hold us accountable for.

And so, when I think about what I'm most excited about it's the shift that we've made to be creator-centric, to be the growth engine for our creator base. It's the idea that what we started Eventbrite with, and some of the fundamentals that really make us who we are and unique to this marketplace, are propelling us forward at more

rapid rates. And it's, to me, it's that we are innovating faster or shipping product to our customers and really listening to them. And we're growing our total addressable market, by getting these critical jobs done for our customers.

So, that growth engine, it's universally relevant. Eventbrite is a global company, we started the company with global aspirations, we're distributed as a team across the globe. And so, that growth engine on a global basis is what I have my eye laser-focused on and I know the rest of my teammates do as well.

I want to thank you all. This was not easy to pull off. We had to come halfway around the country for some, some got knocked out right before the big day. But it's been truly a pleasure to be together with you all, and we look forward to doing this more often. So, I hope to see you all soon and I hope you have a great rest of your day. Thanks so much.

Charles C. Baker

Chief Financial Officer, Eventbrite, Inc.

Thank you.

Tamara Mendelsohn

Chief Marketing Officer, Eventbrite, Inc.

Thank you.

Katherine Chen

Head of Investor Relations, Eventbrite, Inc.

Thank you, everyone. We've got lunch outside for you guys to pick.

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