

06-May-2021

Eventbrite, Inc. (EB)

Q1 2021 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, thank you for standing by, and welcome to the Eventbrite, Inc. First Quarter 2021 Earnings Conference Call. At this time, all participants are in a listen-only mode. After the speakers' presentation, there'll be a question-and-answer session. [Operator Instructions] Please be advised that today's conference is being recorded. [Operator Instructions]

I would now like to hand the conference over to your speaker today, Julia Taylor. Thank you. Please go ahead, ma'am.

Julia Taylor

General Counsel, Eventbrite, Inc.

Good afternoon, and welcome to Eventbrite's first quarter 2021 earnings call. Prior to this call, we released our Shareholder Letter announcing our financial results. It can be found on our website at investor.eventbrite.com.

Before we begin, I would like to remind you that during today's call, we will be making forward-looking statements regarding future events and financial performance. We caution that such statements reflect our best judgment as of today, May 6, based on factors that are currently known to us, and that actual future events or results could differ materially due to several factors, many of which are beyond our control.

For a more detailed discussion of the risks and uncertainties affecting our future results, we refer you to the section titled Forward-Looking Statements in our Shareholder Letter and our filings with the SEC. We undertake no obligation to update any forward-looking statements made during the call to reflect events or circumstances after today, or to reflect new information or the occurrence of unanticipated events, except as required by law.

During this call, we will present adjusted EBITDA, a non-GAAP financial measure. This non-GAAP financial measure is not prepared in accordance with generally accepted accounting principles and has limitations as an

analytical tool. You should not consider it in isolation or as a substitute for analysis of our results of operations as reported under GAAP. A reconciliation to the most directly comparable GAAP financial measure is available in our Shareholder Letter. We encourage you to read our Shareholder Letter as it contains important information about GAAP and non-GAAP results.

And with that, I'll now turn the call over to Julia Hartz, Eventbrite's Co-Founder and Chief Executive Officer.

Julia D. Hartz

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

Thank you, Julia. Hi, everyone, and thank you for joining us on the call today. I hope you and your loved ones are safe and well. I know that all of us have been anticipating the return to normal life for over a year now. With vaccinations ramping and our schools and businesses finally reopening, it really does seem like the next chapter is insight.

At Eventbrite, we're naturally very excited about the emerging recovery of in-person gathering and getting back to our mission of bringing people together to live experiences. It's core to our mission to help people connect in real life and create indelible memories through live events. We've been busy preparing for the return of in-person gathering since last summer. And as our first quarter results indicate, the light at the end of the tunnel really is getting brighter.

Revenue and adjusted EBITDA improved compared to the fourth quarter of last year and we gained momentum through the quarter and into April. In Australia and New Zealand, where we've previously called out the first stages of recovery, paid ticket volume matched the quarterly average of the year preceding COVID. In March, paid ticket volume in the region reached a new all-time high that was more than 20% above our monthly average in the year before the pandemic.

As the recovery builds, we're looking even further ahead toward what I believe is a very bright future for a business that we've purposefully reshaped and strengthened during the pandemic. Over the past year, not only do we stand with creators throughout the pandemic, we use that time to learn more about their needs and aspirations. As a result, our refocused roadmap is built on delighting the highly entrepreneurial creators of frequent events who are the engine that drives the live events industry. We are building and offering an intuitive self-service platform which will make our customers' lives easier and businesses stronger. Our increased operating leverage and reduced capital intensity positions us to maximize the margin potential of our business.

Frequent creators like Sugar Republic are at the heart of Eventbrite strategy. After a year of closure due to the pandemic, Sugar Republic was able to launch their new experience on the [ph] platform of ease (05:11). The Museum of Love, a selfie experience in Sydney was able to sell in just a few months of 2021 nearly three quarters as many tickets as they sold in all of 2019. And our platform drove 80% of those ticket sales.

Today, creators who host three or more events per quarter account for more than 80% of events organized on the Eventbrite platform. These creators have increased their frequency considerably over the past year. While most of the metrics in our business are lower year-to-year, our frequent creators have been the most resilient segment by a wide margin.

In the first quarter of 2021 creators who hosted three or more paid events accounted for 68% of paid tickets, up from 64% in the first quarter of 2020 and 60% in the same period of 2019. Trends like these underpin our strategic focus and highlight progress we are already making in this vibrant and innovative part of the live events

market. Although we will certainly welcome the return of more one-time and annual experiences as the world opens up, our product focus is centered on the frequent creator to achieve our long-term strategy goals.

For those creators, our self-service [indiscernible] (06:34) essential, setting up and managing an event on Eventbrite has always been fast and intuitive and the volume, breadth and variety of events on our platform signals how easy we make it for creators of all types.

During the first quarter of 2021, we acquired over 75,000 new creators and supported more than 1.2 million events issuing 67 million total tickets. Self-sign-on creators accounted for two-thirds of paid tickets in the first quarter, up from 50% a year ago and 45% of the paid tickets two years ago, again demonstrating the strength of our organic acquisition channel.

Our success with frequent creators and the self-service model emanates from the work we're doing to improve the product experience for our customers based on their evolving needs. We're making it easier to plan, publish, market and manage attendees for multiple events at one time. Improvements to our Creator Calendar introduced in February drove the adoption of this feature by 10 percentage points in March. Shortly after that, we released an improved navigation for our reporting feature which included new designs for key reports.

With these changes, creators can now more easily discover the data they need to manage their operations and understand ticket sales performance. We've also made it simpler for creators to publish and host online events with an improved integration with Zoom's video streaming capability powered by their recently released SDK.

Looking forward, we'll continue to invest in and meet the needs of frequent creators. We talked to you previously about the fourth quarter acquisition of ToneDen as part of this strategy. Today we're announcing the launch of Eventbrite Boost, a marketing solution that integrates ToneDen into the Eventbrite's product experience and offers tools to increase exposure for events across a wide variety of social media platforms. The timing of the Boost launch could not be any better in our estimation.

As the world opens up in the coming months, Eventbrite Boost will be a way for creators to reconnect with their communities and find new audiences for both in-person and online events. As committed as we are to our long-term strategy of serving our core customer through product innovation and excellence in all parts of the customer journey, we are also doubling down by redesigning our business and financial model to follow suit.

Case in point, 54% of our team is dedicated to product, engineering, data and design, up from 36% a year ago. Along with other shifts in the operating expenses, we have a lower revenue threshold to breakeven and increased operating leverage as the recovery takes hold, which sets us up for potentially higher long-term profitability in the future. In March, we also strengthened our capital structure by refinancing our term loan, significantly lowering capital cost in the process. Collectively these changes provide greater operational efficiency and financial flexibility which we plan to use to fuel our growth far beyond the recovery.

We are excited about the year ahead and the entire Eventbrite team is looking forward not back. We cherish our creator relationship and it's gratifying to see so many of them now leading the charge as we work to support them in bringing back in-person experiences.

Over 10,000 customers and prospective customers have signed up to attend our self-produced customer summit called RECONVENE happening later this month. This two day virtual summit will bring together the best in the industry along with thought leaders and big thinkers to design the next live events revolution.

We have a unique vantage point and clear commitment to do all we can to support the businesses who have struggled during the pandemic to come back stronger than before. I have confidence that this is going to be a watershed moment for the event producing community to share ideas, gain insight and make plans that will shape the future of the live [indiscernible] (10:58).

Thanks to the hard work, dedication and grit shown over the past year by our committed team and the fresh energy of those who have just arrived. Eventbrite is a much stronger and more focused company with encouraging product momentum and a clear vision for the long-term.

On behalf of [indiscernible] (11:20) community, I would also like to thank the hundreds of thousands of creators across the globe who continue to place their confidence and trust in Eventbrite. These strong partnerships will allow us to meet our collective goals to bring the world back together through live experiences.

With that, I'll now turn the call over to Lanny.

Lanny Baker

Chief Financial Officer, Eventbrite, Inc.

Thank you, Julia. Let me start by providing greater detail around the improvement in business trends during the quarter. As local health conditions in our major markets improved, restrictions on in-person gatherings eased during the quarter. The number of paid creators and paid events on our platform rose steadily as the quarter progressed, and as a result, paid ticket volume that was down just over 20% in January compared with December, rose 18% month-over-month in February and another 41% month-over-month in March, a healthy momentum across all major regions.

On a year-over-year basis, paid tickets were up 9% in the month of March, marking the first positive year-to-year comparison since the pandemic took hold in early 2020. Although the bulk of our first quarter momentum in paid tickets was driven by in-person events, the online event format has become a new fixture of the landscape and paid tickets for online events were up eightfold year-over-year in the first quarter.

Finally, in April, paid tickets were up 5% from March, bucking the historical seasonality of our business and reaching a new pandemic era high.

With that progress in paid tickets, our financial results continued to improve as both revenue and adjusted EBITDA increased over the prior quarter. Net revenue of \$28 million in the first quarter was \$1 million higher than in the fourth quarter, though still down 43% compared to the first quarter of 2020. We recorded a \$1.6 million reserve for expected future ticket refunds in the first quarter and this reduced reported net revenue for the period.

We expect quarterly revenue comparisons to turn positive on a year-over-year basis starting in the second quarter of this year. Cost of revenue was \$13.7 million in the first quarter compared with \$28 million a year ago. Gross margin was 51% and we expect gross margins to trend with revenue.

Total operating expenses were \$40 million in the first quarter, including a couple non-operating items related to the impact of COVID. First, we recorded a \$5 million benefit from a reduction in the reserve for estimated advanced payout losses. This reflects the ongoing favorable resolution of the advanced payout balance, and lower than anticipated charge-back activity. Second, we incurred \$2.8 million in charges related to reserves and write-offs for upfront commitments made to creators prior to the pandemic.

Excluding these items, the underlying operating expenses in the first quarter were \$42.2 million. For comparison, operating expenses were \$158 million on a reported basis in the first quarter of last year and \$63.5 million excluding non-operating items related to COVID.

Total cash expenses excluding processing fees and the non-operating items just mentioned were \$30 million in the first quarter, slightly better than our outlook of \$31 million to \$33 million for the period. Within these numbers, product development expenses were down modestly year-to-year and up quarter-to-quarter, reflecting our commitment to investing in our platform and the hiring of more senior and experienced technical talent.

Meanwhile, sales and marketing and G&A have been reduced materially since a year ago. These trends reflect our strategy and operating plan to make the business leaner, product-driven and more leveraged to a recovery in the live events industry.

Adjusted EBITDA was a loss of \$8.5 million in the quarter, or \$9.2 million excluding the non-recurring items discussed earlier. As paid ticket volume and revenue rose throughout the quarter, we maintained tight control over operating expenses and our monthly adjusted EBITDA loss was \$1 million to \$2 million by the end of the quarter.

As the recovery in live events continues and our focus on self-service and frequent creators begins to payoff, we currently expect adjusted EBITDA to be positive in the fourth quarter of 2021. Overall, our first quarter results reflect an improving environment externally, deliberate execution internally and the sustained benefit of decisive actions we've taken to lower costs and refocus resources on self-service and product development.

Looking forward, we're encouraged by our recent progress and we're optimistic about the cadence and trajectory of recovery. We have confidence in the strength of our product-led creator focused strategy to drive long-term growth and we believe the changes we've made to our business model and balance sheet will position Eventbrite to drive profitability and increasing value as the world reopens and the live event industry reconvenes.

With that, I'll turn the call over to the operator for your questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] And your first question comes from Ryan Sundby with William Blair.

Ryan Sundby

Analyst, William Blair & Co. LLC

Q

Hey. Thanks for taking my question. I'm glad to see [indiscernible] (17:50) on the horizon here. I guess I want to start with a question on the difference between a traditional SSO and a full service creator. I guess as you invest time and resources to streamline the [ph] penetration (18:04) process and install other services to improve the experience on SSO, are you starting to see creators who maybe historically would have been paid [indiscernible] (18:18) through the SSO channel?

Julia D. Hartz

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

A

Hi, Ryan, it's Julia. Thanks so much for your question. I think rather than look at self-sign-on versus full service, I would orient you around the frequent creator, which is effectively a segment of our customers who are using Eventbrite for at least one event a month, and oftentimes they are using it for weekly events. And these creators are the ones who are generating the vast majority of tickets on the platform, especially today, as we start to build back that strength and you see the self-sign-on channels rebound. So, while we look at how we can meet their needs, we think about two specific areas right now that we can really make a difference for them and attract more customers that look like them, as well as retain at a higher frequency these types of customers.

The first is to build efficiency. So, these creators because they're publishing series of events, so think of a book reading that's happening on a weekly basis or a yoga workshop on a Sunday morning, they're doing activities over and over again on the platform and our product is becoming far more automated and intuitive to meet the needs that they have whether it's publishing, it's reporting, it's making changes across the board that's a really big part of what we mean by efficiency.

And the second thing that they need, about 85% of them have told us that they need help building audience and converting that audience into ticket buyers especially as the world reopens. Because while we know that there's great pent-up demand, this is the rebuilt for them and they're both – they're managing new dynamics in the marketplace.

So I think that that actually builds out a greater picture of where our product is going and how we see the leverage that we can provide for our customers in everyday activities and that means that they're less apt to take up the phone and need help from us because that's all there on the product experience.

Ryan Sundby

Analyst, William Blair & Co. LLC

Q

No, yeah. [indiscernible] (20:35). Thanks for that. I guess another thing I wanted to ask is, [indiscernible] (20:40) the Eventbrite platform being used for 1.4 million vaccines. Can you tell us your brand awareness has grown during the pandemic just given some of these non-traditional ways the platform has been [indiscernible] (20:55)?

Julia D. Hartz

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

A

Absolutely. I think when we started to see that use case, it wasn't very surprising to us, because Eventbrite is an always on platform. And if you really zoom out from the rhetoric around those early days of vaccine registration, it was a need that communities had where they needed to get up and running quickly on a platform that could technically handle large demand on – or high demand on sales rather. So at one point it was about 10 people to one vaccine in terms of demand that we saw on these pages. So I think it underscores the ubiquity of Eventbrite within communities that are gathering and that have a need. And certainly, I think over the last year given the fact that we generated more tickets last year than the previous year and through the pivot to online events particularly, we've seen the strength happen in our brand.

I think one of the things that I want to see us develop a stronger muscle for is Eventbrite being a place for people [indiscernible] (22:08) discover live experiences rather than just using it as a utility to gain access to events. And so, I think we think a lot about building community and certainly building audience for event creators. And I think there's more for us to do to engage those consumers and keep them coming back.

Ryan Sundby

Analyst, William Blair & Co. LLC

Q

[indiscernible] (22:30). I guess just kind of staying with that on the online business, I think in the Shareholder Letter you talked about the online event [indiscernible] (22:43) level well above the pre-pandemic benchmark of 1% to 2%. Any color on where you think [indiscernible] (22:50) end up? And then how should we think about that, is it all incremental or is some of this a shift from [indiscernible] (22:58)?

Julia D. Hartz

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

A

I think that – let me start with where we see it going and then I'm going to hand it over to Lanny to talk about the incremental piece. So, with online events, certainly, they've become a much bigger part of the way in which people are gathering through this pandemic. And we've been really heartened to see the almost immediate pivot that our customers made and really underscores the adaptability and flexibility that they have in bringing this content to an online space. And for them, the big benefit was building a much more global audience for their content because it was on the Eventbrite platform. And so really for us we got behind them when we started making immediate tweaks to our product flow. We've integrated [indiscernible] (23:50) and then strengthened that integration. We also started to drive discovery for online events back in spring of 2020.

And I think one way to break it down is if you look at the new creators in Q1 of 2021, 75,000 new creators came to Eventbrite, about 60% of those were online events. So their first event that they published on Eventbrite was an online event and we think that that's a strong signal that we're continuing to build new market share in online events and we'll continue to support that. And then, Lanny, do you want to talk a little bit more about what you see sort of when you extrapolate that out in the incrementality?

Lanny Baker

Chief Financial Officer, Eventbrite, Inc.

A

Sure. It's – Ryan, I think there are facets of the online creator phenomenon that are very certainly incremental. I mean clearly in times like we had very early in the first quarter and – that we had through a lot of 2020, online was the only format and so have we not had it, we wouldn't have had those events. We wouldn't have been able to service those creators. We wouldn't have issued those tickets. But I think your question is really about going forward prospectively.

We have seen two phenomenon happen. One is, there's sort of new formats, retailers is a great example. People who have coffee shops or chocolate stores or wine shops who have taken in the pandemic to hosting online tastings and online events around that [indiscernible] (25:28) selling their stores. And it's become a marketing channel for them. [indiscernible] (25:33), we talked about them a year ago. And so, I think you're going to see retail and some other formats using online events as a distribution channel going into the future.

We also have seen creators who historically have done in-person events pivot to online during the pandemic and discover much larger audiences beyond their local geographies that they can reach through the online format. And so, for those creators we anticipate that we will see the – as their local communities reopen, it's likely that they'll continue sort of move back towards serving their local communities with in-person gatherings in their towns and cities. But we also anticipate that they will maintain some of their schedule for online events to be able to reach audiences beyond the local market.

So, when you put all of those things together, those are the fundamentals that will make in our estimation the online category more than the 1% or 2% of total ticket volume category that it was historically through the product investments that we've done, through the education of creators that we've done, we think [audio gap] (00:26:43-00:27:01)

Julia D. Hartz

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

A

I think we might have lost Lanny temporarily.

Ryan Sundby

Analyst, William Blair & Co. LLC

Q

[indiscernible] (27:05). I'll jump back in the queue here.

Julia D. Hartz

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

A

All right. Thanks.

Ryan Sundby

Analyst, William Blair & Co. LLC

Q

All right. Yeah, you bet.

Operator: [Operator Instructions] And your next question comes from Dae Lee with JPMorgan.

Dae Lee

Analyst, JPMorgan Securities LLC

Q

Great. Good afternoon, and thanks for taking the questions. My first question for you Julia is on the Eventbrite Boost product [indiscernible] (27:35). I'm curious to hear a little more about the product, how are creators promoting events right now and how is that different than the final rollout and then the early data that you may have to share? How are you thinking about monetizing this product?

Julia D. Hartz

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

A

Thanks, Dae. So we did just announce Eventbrite Boost today and this is in direct response to what our frequent creators are asking us to help them with which is, getting out there and building a greater audience. If you think about the average creator, they're handling a lot, they're creating content, they're building awareness for their events, they're managing the event itself. In the past, we've seen studies where up to 40% of ticket price – of the face value of the ticket price is spent on marketing the event itself. So typically in this market it's highly inefficient. And it's also complicated being able to manage social paid advertising which is really where a lot of the audience is, is complicated. It takes a lot of time and it can be cost prohibitive to really get it right.

So what we've done here is we've built a product that actually allows a creator to – with just a few clicks of a button launch different marketing playbooks that actually against any budget that they want to spend helps them create new ticket buyers through building audience, and then also is able to give the analytics back to that event creator so they know where they should be spending their time to engage new people to come to their event. And so effectively what we're doing is we're teaching event creators how to fish. We're giving them the tools to become better marketers for their events. And we are charging a small subscription fee for that. So it creates a diversified revenue opportunity for Eventbrite that can be applied across all the breadth of our event creators who are hosting both free and paid events.

Dae Lee

Analyst, JPMorgan Securities LLC

Q

That's helpful. And then I have a follow-up. It looks like you guys [indiscernible] (29:56) growth in March. I was curious to hear what drove that. And then do you guys have any more recent data around recent trends to share?

Julia D. Hartz

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

A

Sure. Well, as I expressed we had strength going into the later part of the quarter and I'm very pleased where the business is headed in Q2. I'll let Lanny speak more to the recent trends that we want to share in relation to month-over-month growth and what we're seeing in the business.

Lanny Baker

Chief Financial Officer, Eventbrite, Inc.

A

Sure. I am back. I apologize. Hi. As we went through the quarter early or at the very start of the quarter, it's hard to remember now, but the pandemic was in full flare in markets like the UK and the United States coming out of the holidays. The restrictions on gatherings were pretty tight and the growth – at the very start of the year we saw growth in the online category. But we saw the in-person category proceed from where it's been in the fourth quarter. As we got into February and then really strengthening into March, the in-person category as local restrictions eased and the health situation improved, the in-person events began to gather considerable momentum. And so the growth that we saw, although we had a record quarter for online ticket volume in the first quarter, all-time record for us, the momentum throughout the quarter, that 40% increase we talked about in March and paid ticket volumes over February, really was propelled by the reopening of in-person events. In April, as we said, paid ticket volume was up 5% above that 40% elevated number in March. And that 5% growth is – this is typically a time of year where seasonally ticket purchases come down from March through early summer and then begin to build again. So we're bucking seasonality at the moment and it's driven by in-person events. It's driven really across all major markets and geographies that we serve.

Dae Lee

Analyst, JPMorgan Securities LLC

Q

Got it. Now just the final question for me. If I remember correctly I think [indiscernible] (32:15) seasonally strong quarter. So just I'm looking [indiscernible] (32:18) do you have any data to share on how the [indiscernible] (32:23) might look like?

Lanny Baker

Chief Financial Officer, Eventbrite, Inc.

A

Yeah. You're correct that the third quarter is often a very strong quarter for us, has been seasonally historically. You get into the summer months and the music festivals and outdoor festivals in the northern hemisphere those are very, very popular obviously. We have seen some rescheduling of those events. We've seen particularly in the UK early in the first quarter there were some events that were put on the schedule just literally days after the British – as England announced the reopening plan. And we saw 5X, even bigger than that increases in ticket purchases day-over-day, week-over-week for people, just the pent-up demand for those events that were being scheduled in the summer in the UK. So we are showing [indiscernible] (33:25) events come back on to the calendar for that season and from what we've seen so far, the consumer interest in those events is very, very strong.

Dae Lee

Analyst, JPMorgan Securities LLC

Q

Great. Thank you both.

Lanny Baker

Chief Financial Officer, Eventbrite, Inc.

A

Thank you.

Julia D. Hartz

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

A

Thanks.

Operator: Your next question comes from Lamont Williams with Stifel.

Othello Lamont Williams

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Hi. Thanks for taking my questions. Just one question on advances and guarantees. As we continue to recover from the pandemic, how are you thinking about using advances and guarantees? I know you've restarted to use advances recently but relative to pre-pandemic, how should we think about where that could get up to?

Lanny Baker

Chief Financial Officer, Eventbrite, Inc.

A

Sure. Thanks for the question, Lamont. Let me differentiate between two different activities. One is advanced payouts of ticket sale proceeds. And that would be where a creator wants as they're selling tickets and the tickets are being sold on Eventbrite. We're the merchant of record. And we're collecting those ticket sale proceeds. Some creators will ask to have those proceeds advance to them ahead of their event. And it's a way of generating working capital for the event and funding the operations from the setup in areas [indiscernible] (34:50). We will continue to offer those advanced payouts of ticket sale proceeds.

The core customer that Julia was talking about that frequent – high frequency smaller entrepreneurial creator, they've got so many events going on. They've got things happening. And their cash flows are quite different from somebody who might be planning like one big event several months into the future. And so in that core frequent creator market [ph] against payouts (35:16), they are available and we offer them to those creators, we have certain reserves amount of money that we hold back. We have a due diligence that we do on any new customer. We have categories that have different advanced payout terms available to them versus other categories.

But the reality is that core customer of Eventbrite, that high frequency, smaller entrepreneurial creator, it's just not a super popular product for them, that's not something that they draw upon. And so as we said this quarter, the percentage of tickets that had advances where we made – advanced ticket sale proceeds was down 90% year-over-year. So we'll still offer that working capital help for our creators. But I don't think it will be as popular in the future as it perhaps has been in the past.

The second thing are upfront commitments. And there are times at which in the competitive sale process for big, big creator accounts, there'll be sometimes negotiations around signing bonuses that are either recoupable against future ticket sales or in some cases they're not recoupable and they're effectively kind of upfront discounts against future revenue under the contract. That activity is not – that to us goes far beyond the self-service part of the market that we're most focused upon. Those are – that's kind of a different part of the market. We're not currently offering – we signed 75,000 new customers in the first quarter and we didn't offer any advances or upfronts the way that we have done some of that in the past. So with the focus we have in our customer base on those frequent creators, I think we're going to see – we are working to have a much [ph] lighter (37:10) capital intensity that allows us to use our capital to build the product which at the end of the day is the thing that we really differentiate upon.

Othello Lamont Williams

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Okay. Great. Thanks for that. And then just a follow-up. I want to touch on average ticket price. You saw – I mean you mentioned in the letter you saw lower average ticket prices but it has moved up pretty good, a little bit better. Do you see that recovering kind of closer to that \$3 as we come out of a recovery? I guess the question is, how correlated is this to [indiscernible] (37:46) paid tickets?

Lanny Baker

Chief Financial Officer, Eventbrite, Inc.

A

Yeah. I do think that looking out a little bit in time, we will see a return to kind of that \$3 – roughly the \$3 in revenue per ticket level. Right now, there are two things that are influencing revenue particularly as we described. One is there is currently still an elevated level of refund activity. And when we refund tickets on behalf of creators back to the attendees, we reverse the revenue that we booked for Eventbrite on our ticket fee. And so in the first quarter, we had new tickets being sold. We also had some prior tickets to be refunded. And those prior tickets create an offset against the current revenue. And because the refund activity is running at little bit higher rate because of cancellations and postponements, there's a little bit more weight if you will on revenue per ticket from refunds flowing through the system, a little bit more weight than normal. But a lot less weight than it was last year in the first quarter. So that's one of the big factors. That is, as the refund activity sort of slows down and normalizes, that's allowing the revenue per ticket to come up a little bit.

The second thing that's happening in revenue per ticket is that the average ticket price across all the different categories and all different countries and formats that Eventbrite serves is down today by a little bit less than 10% from where it was a year ago or prior to the pandemic. There was a time at which online tickets were less expensive and probably 30% less expensive than in-person tickets. That's not the case today. Online tickets and

in-person tickets are priced at parity and have been since July of 2020. But there is – it's kind of across all categories and all formats a little bit lower average ticket sale price. And while, I don't know, we don't have any way to be completely sure that there may be some current pricing into against tickets a little bit of a discount for the uncertainty of whether that event may or may not happen. But one of the things that we've seen in markets like Australia, New Zealand where things have recovered is that ticket sale prices have gone right back to where they've been historically and our revenue per ticket has followed suit. So, we've got probably a few more quarters to work our way through and we'll keep you apprised of what we're seeing in that part of the business.

Othello Lamont Williams

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Okay, great. Thank you.

Operator: Your next question comes from Ryan Sundby with William Blair.

Ryan Sundby

Analyst, William Blair & Co. LLC

Q

Yeah. Thanks for letting me in again, thanks. I just want to follow-up Lanny on your comment around seeing event actually pick up [indiscernible] (40:45). I think we're seeing some advance in New York and Illinois here in the last couple of days or weeks, or even in the states I guess that are fully reopen like Texas and Georgia. Are you starting to see kind of a similar lift here in the US when that happens or is there some reason that is different, maybe it's not national I guess [indiscernible] (41:06)?

Lanny Baker

Chief Financial Officer, Eventbrite, Inc.

A

Ryan, what we're seeing in the United States is a general improvement and acceleration in ticket sales. And so, it's not only those longer dated things that correspond with the opening dates. But today some of the opening dates like for New York and parts of Midwest, they're not very far away, they're just around the corner from the opening date and so it's a little bit different than what we saw in the UK because remember that was like in February looking all the way out to, I think, it was a July date. And so that was a little bit more stark in that market. That market was a little bit more closed, it's a little bit bigger piece of news that was sort of a brand new stroke of lightning continues. But here what we're seeing is as markets reopen, certainly ticket volume and event volume is picking up kind of in all markets where the help dynamic is heading in the right direction.

Ryan Sundby

Analyst, William Blair & Co. LLC

Q

All right. Great, thanks.

Lanny Baker

Chief Financial Officer, Eventbrite, Inc.

A

Thank you.

Operator: At this time, there are no further questions. That does conclude today's conference. Thank you for your participation. You may now disconnect.

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