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DELTA REPORT

10-Q

OLO - OLO INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 1629

■ CHANGES	236
■ DELETIONS	719
■ ADDITIONS	674

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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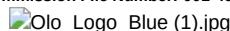
QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2023** **March 31, 2024**

..

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

Commission File Number: 001-40213



Olo Inc.

(Exact name of registrant as specified in its charter)

Delaware

20-2971562

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

99 Hudson Street
10th Floor

New York, NY 10013

(Address of principal executive offices) (Zip Code)

(212) 260-0895

(Registrant's telephone number, including area code)

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

Title of each class

Trading Symbol(s)

Name of each exchange on which registered

Class A Common Stock, par value \$0.001 per share

OL0

The New York Stock Exchange

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

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

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

Large accelerated filer

x

Accelerated filer

..

Non-accelerated filer

..

Smaller reporting company

..

Emerging growth company

..

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

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

As of **November 2, 2023** **May 3, 2024**, **109,286,996** **105,625,535** shares of the registrant's Class A common stock and 54,891,834 shares of registrant's Class B common stock were outstanding.

OLO INC.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains express or implied forward-looking statements that are based on our management's belief and assumptions and on information currently available to our management. All statements other than statements of historical fact contained in this Quarterly Report on Form 10-Q, including statements regarding our future results of operations or financial condition, business strategy, and plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "forecast," "if," "intend," "likely," "may," "plan," "potential," "predict," "project," "seek," "should," "target," "will," or "would" or the negative of these words or other similar terms or expressions.

Forward-looking statements are not guarantees of future performance and involve risks, uncertainties, and assumptions. Actual results may differ materially from the forward-looking statements we make. Factors that may cause or contribute to such differences include, but are not limited to:

- our expectations regarding our revenue, expenses, and other operating results, including overall transaction volumes, average revenue per unit, **active locations**, dollar-based net revenue retention, **ending active locations**, gross merchandise volume, and gross payment volume;
- our ability to acquire new customers and successfully retain existing customers;
- our ability to develop and release new **and successful** products and **services**; **services and the success of any new products, including the continued growth of Olo Pay**;
- our ability to develop and release successful enhancements, features, and modifications to our existing products and services;

- our ability to increase usage of our platform and upsell and cross sell additional modules; modules, including to our emerging enterprise customers;
- our ability to attain or sustain our profitability;
- the durability of the growth we experienced in the past, including due to the COVID-19 pandemic, and guest preferences for digital ordering and customer adoption of multi-modules;
- the effects of any public health crises, global conflicts, potential government shutdowns, macroeconomic conditions such as inflation and fluctuating interest rates, changes in discretionary spending, and overall market uncertainty;
- future investments in our business, our anticipated capital expenditures, and our estimates regarding our capital requirements;
- our ability to compete effectively with existing competitors and new market entrants;
- our ability to repurchase shares at all or at the times or in the amounts we desire, and the results of our share repurchase program;
- our ability to compete effectively with existing competitors, new market entrants, and customers generally developing their own solutions to replace our products
- the costs and success of our sales and marketing efforts, and our ability to promote our brand;
- our ability to identify, recruit, and retain skilled personnel;
- our ability to effectively manage our growth, including any international expansion;
- our ability to realize the anticipated benefits of past or future investments, strategic transactions, or acquisitions, and the risk that the integration of these acquisitions may disrupt our business and management;
- our ability to protect our intellectual property rights and any costs associated therewith;
- the growth rates of the markets in which we compete;
- our ability to successfully combine and integrate the businesses that we acquire, and to realize the synergies and anticipated strategic, financial, and other benefits from such acquisitions;
- the effects of geopolitical instability, public health crises, macroeconomic conditions such as inflation and fluctuating interest rates, shifts in consumer preferences, and overall market uncertainty;
- our ability to successfully defend or resolve any current or future litigation matters, and to discharge those matters without significant financial penalty or payments, restrictions on our business and operations, or other remedies; and

- other risks and uncertainties, including those listed under in the caption section entitled "Risk Factors."

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, and operating results. These statements are based on information available to us as of the date of this Quarterly Report on Form 10-Q. While we believe that our information provides a reasonable basis for these statements, our that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information.

The outcome of the events described in these forward-looking statements is subject to risks, assumptions, uncertainties, and other factors described elsewhere in this Quarterly Report on Form 10-Q and those listed in the section entitled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022 and in our subsequent Quarterly Reports on Form 10-Q. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report on Form 10-Q. The results, events, and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements.

The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements.

Unless the context otherwise indicates, references in this report to the terms "Olo," "the Company," "we," "our," and "us" refer to Olo Inc.

"Olo" and other trade names and trademarks of ours appearing in this Quarterly Report on Form 10-Q are our property. This Quarterly Report on Form 10-Q contains trade names and trademarks of other companies, which are the property of their respective owners. We do not intend our use or display of other companies' trade names or trademarks to imply an endorsement or sponsorship of us by such companies, or any relationship with any of these companies.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

OLO INC.

**Condensed Consolidated Balance Sheets (Unaudited)
(in thousands, except share and per share amounts)**

		As of September 30, 2023	As of December 31, 2022			
		As of March 31, 2024			As of March 31, 2024	As of December 31, 2023
ASSETS	ASSETS	ASSETS				
Current assets:	Current assets:	Current assets:				
Cash and cash equivalents	Cash and cash equivalents	\$ 286,401	\$ 350,073			
Short-term investments	Short-term investments	90,382	98,699			
Accounts receivable, net of expected credit losses of \$1,589 and \$612, respectively		70,213	48,128			
Accounts receivable, net of expected credit losses of \$3,605 and \$2,785, respectively						
Contract assets	Contract assets	395	336			
Deferred contract costs	Deferred contract costs	4,088	2,851			
Prepaid expenses and other current assets	Prepaid expenses and other current assets	8,954	11,687			
Total current assets	Total current assets	460,433	511,774			
Property and equipment, net of accumulated depreciation and amortization of \$8,479 and \$4,328, respectively		20,201	11,700			
Intangible assets, net of accumulated amortization of \$7,274 and \$4,304, respectively		18,728	21,698			
Property and equipment, net of accumulated depreciation and amortization of \$12,225 and \$10,111, respectively						

Intangible assets, net of accumulated amortization of \$9,254 and \$8,264, respectively			
Goodwill	Goodwill	207,781	207,781
Contract assets, noncurrent	Contract assets, noncurrent	339	241
Deferred contract costs, noncurrent	Deferred contract costs, noncurrent	5,522	4,171
Operating lease right-of-use assets	Operating lease right-of-use assets	13,176	15,581
Long-term investments	Long-term investments	20,824	2,430
Other assets, noncurrent	Other assets, noncurrent	83	186
Total assets	Total assets	\$ 747,087	\$ 775,562
LIABILITIES AND STOCKHOLDERS' EQUITY	LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities: Current liabilities:			
Current liabilities:			
Current liabilities:			
Accounts payable	Accounts payable	\$ 189	\$ 2,259
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	59,534	52,411
Unearned revenue	Unearned revenue	2,215	2,527
Operating lease liabilities, current	Operating lease liabilities, current	2,796	3,220
Total current liabilities	Total current liabilities	64,734	60,417
Unearned revenue, noncurrent	Unearned revenue, noncurrent	160	661
Operating lease liabilities, noncurrent	Operating lease liabilities, noncurrent	14,711	16,827
Other liabilities, noncurrent	Other liabilities, noncurrent	83	41
Total liabilities	Total liabilities	79,688	77,946
Commitments and contingencies (Note 10)	Commitments and contingencies (Note 10)	Commitments and contingencies (Note 10)	
Stockholders' equity:	Stockholders' equity:		

Class A common stock, \$0.001 par value; 1,700,000,000 shares authorized at September 30, 2023 and December 31, 2022; 109,857,980 and 105,053,030 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively. Class B common stock, \$0.001 par value; 185,000,000 shares authorized at September 30, 2023 and December 31, 2022; 54,891,834 and 57,391,687 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	165	162
Preferred stock, \$0.001 par value; 20,000,000 shares authorized at September 30, 2023 and December 31, 2022	—	—
Class A common stock, \$0.001 par value; 1,700,000,000 shares authorized at March 31, 2024 and December 31, 2023; 106,952,231 and 108,469,679 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively.		
Class B common stock, \$0.001 par value; 185,000,000 shares authorized at March 31, 2024 and December 31, 2023; 54,891,834 and 54,891,834 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively		
Class A common stock, \$0.001 par value; 1,700,000,000 shares authorized at March 31, 2024 and December 31, 2023; 106,952,231 and 108,469,679 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively.		
Class B common stock, \$0.001 par value; 185,000,000 shares authorized at March 31, 2024 and December 31, 2023; 54,891,834 and 54,891,834 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively		
Class A common stock, \$0.001 par value; 1,700,000,000 shares authorized at March 31, 2024 and December 31, 2023; 106,952,231 and 108,469,679 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively.		
Class B common stock, \$0.001 par value; 185,000,000 shares authorized at March 31, 2024 and December 31, 2023; 54,891,834 and 54,891,834 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively		
Preferred stock, \$0.001 par value; 20,000,000 shares authorized at March 31, 2024 and December 31, 2023		
Additional paid-in capital	Additional paid-in capital	867,721 855,249
Accumulated deficit	Accumulated deficit	(200,083) (157,542)

Accumulated other comprehensive loss	Accumulated other comprehensive loss	(404)	(253)
Total stockholders' equity	Total stockholders' equity	667,399	697,616
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	\$ 747,087	\$ 775,562

The accompanying notes are an integral part of these financial statements.

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Condensed Consolidated Statements of Operations (Unaudited)
(in thousands, except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,		
	2023	2022	2023	2022	
	Three Months Ended March 31,		Three Months Ended March 31,		
Three Months Ended March 31,		Three Months Ended March 31,		2024	
Revenue:	Revenue:			2024	2023
Platform					
Platform					
Platform	Platform	\$ 57,261	\$ 46,357	\$ 163,235	\$ 132,361
Professional services and other	Professional services and other	533	909	2,050	3,262
Total revenue	Total revenue	57,794	47,266	165,285	135,623
Cost of revenue:	Cost of revenue:				
Platform (1)		22,203	14,114	59,537	38,341
Professional services and other (1)		1,026	1,368	3,220	4,640
Platform					
Platform					
Platform					
Professional services and other					
Total cost of revenue	Total cost of revenue	23,229	15,482	62,757	42,981
Gross Profit	Gross Profit	34,565	31,784	102,528	92,642

Operating expenses:	Operating expenses:				
Research and development (1)	18,035	19,391	56,806	54,123	
General and administrative (1)	21,307	20,295	56,986	54,047	
Sales and marketing (1)	11,363	8,016	36,438	25,224	
Restructuring charges (Note 12)	166	—	6,848	—	
Research and development					
Research and development					
Research and development					
General and administrative					
Sales and marketing					
Total operating expenses					
Total operating expenses					
Total operating expenses	Total operating expenses				
	50,871	47,702	157,078	133,394	
Loss from operations	Loss from operations				
	(16,306)	(15,918)	(54,550)	(40,752)	
Other income, net:	Other income, net:				
Interest income	Interest income				
	4,598	1,525	12,207	2,110	
Interest income					
Interest income					
Interest expense	Interest expense				
	(43)	(70)	(165)	(116)	
Other (expense) income					
	(1)	(7)	(1)	6	
Other income, net					
Total other income, net	Total other income, net				
	4,554	1,448	12,041	2,000	
Loss before income taxes	Loss before income taxes				
	(11,752)	(14,470)	(42,509)	(38,752)	
Provision (benefit) for income taxes					
	7	90	32	(1,010)	
Provision for income taxes					
Net loss	Net loss	\$ (11,759)	\$ (14,560)	\$ (42,541)	\$ (37,742)
Net loss per share	Net loss per share				
attributable to	attributable to				
Class A and Class B common stockholders:	Class A and Class B common stockholders:				
Net loss per share attributable to	Class A and Class B common stockholders:				
Net loss per share attributable to	Class A and Class B common stockholders:				
Basic					
Basic					

Basic	Basic	\$ (0.07)	\$ (0.09)	\$ (0.26)	\$ (0.23)
Diluted	Diluted	\$ (0.07)	\$ (0.09)	\$ (0.26)	\$ (0.23)
Weighted-					
Weighted-average Class A					
Class A and Class B					
B common shares outstanding:					
Basic	Basic	163,991,486	162,364,654	162,674,062	160,667,412
Basic					
Basic					
Diluted	Diluted	163,991,486	162,364,654	162,674,062	160,667,412

(1) The following reclassifications were made to conform the prior year periods presented to the current year presentation:

- For the three months ended September 30, 2022, \$0.6 million was reclassified from general and administrative expense as follows: \$0.2 million into platform cost of revenue, \$0.1 million into sales and marketing expenses, and \$0.3 million into research and development expenses.
- For the nine months ended September 30, 2022, \$2.0 million was reclassified from general and administrative expense as follows: \$0.6 million into platform cost of revenue, \$0.1 million into professional services and other cost of revenue, \$0.3 million into sales and marketing expenses, and \$1.0 million into research and development expenses.

Such reclassifications had no effect on previously reported operating loss, net loss, or accumulated deficit. See "Note 2—Significant Accounting Policies" for additional information on the reclassifications.

The accompanying notes are an integral part of these financial statements.

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OLO INC.

Condensed Consolidated Statements of Comprehensive Loss (Unaudited)
(in thousands)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Net loss	\$ (11,759)	\$ (14,560)	\$ (42,541)	\$ (37,742)
Other comprehensive income (loss):				
Unrealized gain (loss) on investments	57	(169)	(151)	(420)
Total other comprehensive income (loss)	57	(169)	(151)	(420)
Comprehensive loss	\$ (11,702)	\$ (14,729)	\$ (42,692)	\$ (38,162)

	Three Months Ended	
	March 31,	
	2024	2023
Net loss	\$ (2,356)	\$ (13,706)
Other comprehensive (loss) income:		
Unrealized (loss) gain on investments	(129)	197
Total other comprehensive (loss) income	(129)	197
Comprehensive loss	\$ (2,485)	\$ (13,509)

The accompanying notes are an integral part of these financial statements.

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OLO INC.

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Condensed Consolidated Statements of Stockholders' Equity (Unaudited)
(in thousands, except share data)

		Class A and Class B Common Stock		Additional Paid In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
		Shares	Amount				
Balance as of December 31,							
2022		162,444,717	\$ 162	\$ 855,249	\$ (157,542)	\$ (253)	\$ 697,616
Class A and Class B Common Stock							
Class A and Class B Common Stock							
Class A and Class B Common Stock							
Balance as of December 31,							
2023							
Balance as of December 31,							
2023							
Balance as of December 31,							
2023							
Issuance of common stock on exercise of stock options	Issuance of common stock on exercise of stock options	1,055,108	1	2,364	—	—	2,365
Vesting of restricted stock units		802,576	1	(1)	—	—	—
Repurchase of common stock		(2,652,372)	(2)	(20,050)	—	—	(20,052)
Stock-based compensation		—	—	15,127	—	—	15,127
Other comprehensive income		—	—	—	—	197	197
Net loss		—	—	—	(13,706)	—	(13,706)
Balance as of March 31, 2023		161,650,029	\$ 162	\$ 852,689	\$ (171,248)	\$ (56)	\$ 681,547
Issuance of common stock under the Employee Stock Purchase Plan		253,973	—	1,463	—	—	1,463
Issuance of common stock on exercise of stock options		1,528,955	1	3,097	—	—	3,098
Vesting of restricted stock units		1,006,863	1	(1)	—	—	—
Vesting of restricted and performance-based restricted stock units							
Repurchase of common stock	Repurchase of common stock	(1,409,420)	(1)	(10,046)	—	—	(10,047)
Stock-based compensation	Stock-based compensation	—	—	15,278	—	—	15,278
Other loss	Other comprehensive loss	—	—	—	—	(405)	(405)
Net loss	Net loss	—	—	—	(17,076)	—	(17,076)
Balance as of June 30, 2023		163,030,400	\$ 163	\$ 862,480	\$ (188,324)	\$ (461)	\$ 673,858

Issuance of common stock in connection with charitable donation	172,918	—	1,136	—	—	1,136
Issuance of common stock on exercise of stock options	2,621,027	3	3,376	—	—	3,379
Vesting of restricted stock units	939,671	1	(1)	—	—	—
Repurchase of common stock	(2,014,202)	(2)	(13,033)	—	—	(13,035)
Stock-based compensation	—	—	13,763	—	—	13,763
Other comprehensive income	—	—	—	—	57	57
Net loss	—	—	—	(11,759)	—	(11,759)
Balance as of September 30, 2023	164,749,814	\$ 165	\$ 867,721	\$ (200,083)	\$ (404)	\$ 667,399
Balance as of March 31, 2024						

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OLO INC.

Condensed Consolidated Statements of Stockholders' Equity (Unaudited)
(in thousands, except share data)

	Class A and Class B Common Stock	Class A and Class B Common Stock	Class A and Class B Common Stock	Additional Paid In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Shares							
Balance as of December 31, 2022							
Balance as of December 31, 2022							
Balance as of December 31, 2022							
Issuance of common stock on exercise of stock options							
Vesting of restricted stock units							
Repurchase of common stock							
Stock-based compensation							
Other comprehensive income							
Net loss							

Balance as of March 31, 2023							
	Class A and Class B Common Stock		Additional Paid In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss		Total Stockholders' Equity
	Shares	Amount			Comprehensive Loss		
Balance as of December 31, 2021	157,700,189	\$ 158	\$ 813,166	\$ (111,574)	\$ —	\$ 701,750	
Issuance of common stock on exercise of stock options	1,851,334	2	2,305	—	—	2,307	
Vesting of restricted stock units	136,662	—	—	—	—	—	
Stock-based compensation	—	—	12,457	—	—	12,457	
Net loss	—	—	—	(11,509)	—	(11,509)	
Balance as of March 31, 2022	159,688,185	\$ 160	\$ 827,928	\$ (123,083)	\$ —	\$ 705,005	
Issuance of common stock under the Employee Stock Purchase Plan	193,267	—	1,764	—	—	1,764	
Issuance of common stock on exercise of stock options	1,118,331	1	2,322	—	—	2,323	
Vesting of restricted stock units	199,738	—	—	—	—	—	
Stock-based compensation	—	—	11,750	—	—	11,750	
Other comprehensive loss	—	—	—	—	(251)	(251)	
Net loss	—	—	—	(11,673)	—	(11,673)	
Balance as of June 30, 2022	161,199,521	\$ 161	\$ 843,764	\$ (134,756)	\$ (251)	\$ 708,918	
Issuance of common stock in connection with charitable donation	172,918	—	1,406	—	—	1,406	
Issuance of common stock on exercise of stock options	1,945,436	2	3,028	—	—	3,030	
Vesting of restricted stock units	166,971	—	—	—	—	—	
Stock-based compensation	—	—	12,376	—	—	12,376	

Other comprehensive loss	—	—	—	—	(169)	(169)
Net loss	—	—	—	(14,560)	—	(14,560)
Balance as of September 30, 2022	163,484,846	\$ 163	\$ 860,574	\$ (149,316)	\$ (420)	\$ 711,001

The accompanying notes are an integral part of these financial statements.

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OLO INC.

Condensed Consolidated Statements of Cash Flows (Unaudited)
(in thousands)

	Nine Months Ended September 30,	
	2023	2022
Operating activities		
Net loss	\$ (42,541)	\$ (37,742)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	7,283	4,285
Stock-based compensation	41,341	35,104
Charitable donation of Class A common stock	1,136	1,406
Provision for expected credit losses	1,495	263
Non-cash lease expense	2,079	1,706
Deferred income tax benefit	—	(1,421)
Loss on disposal of assets	38	—
Non-cash impairment charges	—	2,806
Other non-cash operating activities, net	(1,883)	(560)
Changes in operating assets and liabilities:		
Accounts receivable	(23,580)	(602)
Contract assets	(156)	(66)
Prepaid expenses and other current assets	2,835	(404)
Deferred contract costs	(2,588)	(537)
Accounts payable	(2,069)	(452)
Accrued expenses and other current liabilities	7,189	927
Operating lease liabilities	(2,226)	(1,893)
Unearned revenue	(812)	(558)
Other liabilities, noncurrent	76	136
Net cash (used in) provided by operating activities	(12,383)	2,398
Investing activities		
Purchases of property and equipment	—	(454)
Capitalized internal-use software	(10,023)	(6,997)
Acquisitions, net of cash acquired	—	(49,241)
Purchases of investments	(96,501)	(114,006)
Sales and maturities of investments	88,155	11,388
Net cash used in investing activities	(18,369)	(159,310)
Financing activities		
Cash received for employee payroll tax withholdings	13,902	7,083
Cash paid for employee payroll tax withholdings	(13,896)	(7,012)
Payment of deferred offering costs	—	(423)

Proceeds from exercise of stock options and purchases under employee stock purchase plan	10,208	9,218
Repurchase of common stock	(43,134)	—
Net cash (used in) provided by financing activities	(32,920)	8,866
Net decrease in cash and cash equivalents	(63,672)	(148,046)
Cash and cash equivalents, beginning of period	350,073	514,445
Cash and cash equivalents, end of period	\$ 286,401	\$ 366,399
Supplemental disclosure of non-cash investing and financing activities		
Vesting of early exercised stock options	\$ 97	\$ 174
Capitalization of stock-based compensation for internal-use software	\$ 2,827	\$ 1,856
Three Months Ended March 31,		
	2024	2023
Operating activities		
Net loss	\$ (2,356)	\$ (13,706)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	3,103	2,148
Stock-based compensation	10,840	14,044
Provision for expected credit losses	1,433	725
Non-cash lease expense	650	797
Loss on disposal of assets	—	38
Other non-cash operating activities, net	(548)	(770)
Changes in operating assets and liabilities:		
Accounts receivable	(3,553)	(2,979)
Contract assets	(23)	(182)
Prepaid expenses and other current and noncurrent assets	(104)	430
Deferred contract costs	(178)	(1,308)
Accounts payable	(2,531)	(1,230)
Accrued expenses and other current liabilities	(1,109)	9,098
Operating lease liabilities	(695)	(835)
Unearned revenue	1,207	984
Other liabilities, noncurrent	(109)	(7)
Net cash provided by operating activities	6,027	7,247
Investing activities		
Purchases of property and equipment	(68)	—
Capitalized internal-use software	(3,149)	(3,382)
Purchases of investments	(34,531)	(38,715)
Sales and maturities of investments	26,732	34,002
Net cash used in investing activities	(11,016)	(8,095)
Financing activities		
Cash received for employee payroll tax withholdings	1,889	2,834
Cash paid for employee payroll tax withholdings	(1,876)	(2,416)
Proceeds from exercise of stock options	1,133	1,890
Repurchase of common stock	(15,290)	(20,052)
Net cash used in financing activities	(14,144)	(17,744)
Net decrease in cash and cash equivalents	(19,133)	(18,592)
Cash and cash equivalents, beginning of period	278,218	350,073
Cash and cash equivalents, end of period	\$ 259,085	\$ 331,481
Supplemental disclosure of non-cash investing and financing activities		
Vesting of early exercised stock options	\$ —	\$ 59

Employee receivables for options exercised	\$ 12	\$ 416
Purchase of property and equipment	\$ 36	\$ —
Capitalization of stock-based compensation for internal-use software	\$ 762	\$ 1,083

The accompanying notes are an integral part of these financial statements.

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OLO INC.

Notes to the Condensed Consolidated Financial Statements
(Unaudited)

1. Business

Olo Inc. was formed on June 1, 2005 in Delaware and is headquartered in New York City. On January 14, 2020, our Board of Directors and stockholders approved our name change from Mobo Systems, Inc. to Olo Inc. Unless the context otherwise indicates or requires, references to "we," "us," "our," and "the Company" shall refer to Olo Inc.

We are an open SaaS platform for restaurants. Our platform powers restaurant brands' on-demand digital commerce operations, enabling digital ordering, delivery, front-of-house management, and payments, while further strengthening and enhancing restaurants' direct guest relationships. We provide restaurants with a business-to-business-to-guest, enterprise-grade, open SaaS platform to manage their complex digital businesses and enable fast and more personalized experiences for their guests. Our platform and application programming interfaces seamlessly integrate with a wide range of solutions, unifying disparate technologies across the restaurant ecosystem. Restaurant brands rely on us to increase their digital omni-channel sales, maximize profitability, establish and maintain direct guest relationships, and collect, protect, and leverage valuable guest data.

2. Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements and accompanying notes were prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information and in accordance with the rules and regulations of the United States Securities and Exchange Commission (the "SEC"). Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been omitted pursuant to such rules and regulations. The **December 31, 2022** **December 31, 2023** condensed consolidated balance sheet was derived from the audited financial statements as of that date, but may not include all disclosures including certain footnotes required by U.S. GAAP on an annual reporting basis.

These unaudited condensed consolidated financial statements have been prepared on a basis consistent with our annual financial statements and, in the opinion of management, reflect all adjustments, which include all normal recurring adjustments necessary to fairly state our financial position as of **September 30, 2023** **March 31, 2024**, our results of operations and comprehensive loss for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** and our cash flows for the nine three months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, respectively. The results of operations for the three and nine months ended **September 30, 2023** **March 31, 2024** are not necessarily indicative of the results that may be expected for the fiscal year ending **December 31, 2023** **December 31, 2024** or for any other future annual or interim period.

The information included in this Quarterly Report on Form 10-Q should be read in conjunction with the consolidated financial statements and related notes included in our Annual Report on Form 10-K filed with the SEC on **February 24, 2023** **February 21, 2024**. All intercompany balances and transactions have been eliminated in consolidation.

Effective January 1, 2023, we began allocating certain employee-related costs to platform cost of revenues, professional services and other cost of revenues, sales and marketing, and research and development expenses. Previously, such costs had been presented within general and administrative expenses on our condensed consolidated statement of operations. These costs are allocated based on each department's proportionate share of total employee headcount. We determined that these changes would better reflect industry practice and provide more meaningful information as well as increased transparency of our operations.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period.

We regularly assess these estimates, including but not limited to, stock-based compensation including the determination of the fair value of our stock-based awards, realization of deferred tax assets, estimated life of our long-lived assets, purchase price allocations for business combinations, valuation of the acquired intangibles purchased in a business

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OLO INC.

Notes to the Condensed Consolidated Financial Statements

combination, valuation of goodwill, estimated standalone selling price of our performance obligations, and estimated consideration for implementation services and transactional revenue in certain arrangements. We base these estimates on historical experience and on various other market-specific and relevant assumptions that we believe to be reasonable under the circumstances. Actual results could differ from these estimates and such differences could be material to our financial position and results of operations.

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OLO INC.

Notes to the Condensed Consolidated Financial Statements
(Unaudited)

Significant Accounting Policies

Our significant accounting policies are outlined in Note 2, "Significant Accounting Policies" in the Notes to Consolidated Financial Statements included in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. During the nine three months ended September 30, 2023 March 31, 2024, there were no material changes to our significant accounting policies from those described in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

Cash and Cash Equivalents

Cash and cash equivalents are stated at fair value. We consider all short-term, highly liquid investments, with an original maturity of three months or less, to be cash equivalents. We received restricted cash on behalf of the subtenant of our former corporate headquarters at One World Trade Center in advance of certain future rental obligations that will be due from the subtenant. The balance we received on behalf of the subtenant of \$2.7 million is included in cash and cash equivalents in the condensed consolidated balance sheets as of September 30, 2023. See "Note 10—Commitments and Contingencies" for more details.

Concentrations of Business and Credit Risk

We are exposed to concentrations of credit risk primarily through our cash, cash equivalents, and short- and long-term investments held by financial institutions. We primarily deposit our cash, cash equivalents, and investments with financial institutions that management believes are of high credit quality and the amounts on deposit may exceed federally insured limits at various times. We have not experienced any significant losses in such accounts and believe we are not exposed to any significant risk. For the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, one customer accounted for 11% and 12% of our revenue. For revenue, respectively.

Recently Issued Accounting Pronouncements

In November 2023, the nine months ended September 30, 2023 Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires public entities to disclose information about their reportable segments' significant expenses and 2022, one customer accounted for 12% of our revenue.

Credit Facility

On June 10, 2022, we entered into other segment items on an interim and annual basis. Public entities with a single reportable segment are required to apply the Second Amended and Restated Loan and Security Agreement with Pacific Western Bank related to a revolving credit and term loan facility (the "Second Amended and Restated LSA").

The Second Amended and Restated LSA includes a financial covenant requiring compliance with certain minimum revenue amounts. In addition, the Second Amended and Restated LSA contains representations and warranties generally consistent with the Amended and Restated Loan and Security Agreement, dated February 11, 2020, as amended (the "Prior LSA"), disclosure requirements in ASU 2023-07, as well as certain non-financial covenants, including, but not limited all existing segment disclosures and reconciliation requirements in ASC 280 on an interim and annual basis. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. Adoption of the ASU should be applied retrospectively to limitations all prior periods presented in the financial statements. We are currently evaluating the impact of adopting ASU 2023-07 and expect to adopt for the year ending December 31, 2024.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires public entities, on an annual basis, to provide disclosure of specific categories in the rate reconciliation, as well as disclosure of income taxes paid disaggregated by jurisdiction. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact that adopting ASU 2023-09 will have on our ability to incur additional indebtedness or liens, pay dividends, or make certain investments. We were in compliance with these covenants as of September 30, 2023, consolidated financial statements and disclosures.

As 3. of September 30, 2023, we had \$43.6 million of commitments available under the Second Amended and Restated LSA, after consideration of \$25.0 million in our letter of credit to DoorDash and \$1.4 million in our letter of credit on the lease of our former corporate headquarters at One World Trade Center. As of September 30, 2023, we had no outstanding borrowings under the line of credit, and no amounts have been drawn against any of our letters of credit. Revenue Recognition

Recent Accounting Pronouncements The following table disaggregates revenue by type (in thousands):

There have been no recent accounting pronouncements, changes in accounting pronouncements, or recently adopted accounting guidance during the nine months ended September 30, 2023 that are of significance or potential significance to us.

Three Months Ended March 31, 2024

	Professional Services and			Total
	Platform	Other		
Timing of revenue recognition				
Transferred over time	\$ 25,717	\$ 746	\$	26,463
Transferred at a point in time	40,048	—		40,048
Total revenue	\$ 65,765	\$ 746	\$	66,511

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Notes to the Condensed Consolidated Financial Statements
(Unaudited)

3. Revenue Recognition

The following table disaggregates revenue by type (in thousands):

	Three Months Ended September 30, 2023			Total
	Platform	Other		
Timing of revenue recognition				
Transferred over time	\$ 25,158	\$ 533	\$	25,691
Transferred at a point in time	32,103	—		32,103
Total revenue	\$ 57,261	\$ 533	\$	57,794

	Three Months Ended September 30, 2022			Total
	Platform	Other		
Timing of revenue recognition				
Transferred over time	\$ 23,919	\$ 909	\$	24,828
Transferred at a point in time	22,438	—		22,438
Total revenue	\$ 46,357	\$ 909	\$	47,266

	Nine Months Ended September 30, 2023			Total
	Platform	Other		
Timing of revenue recognition				
Transferred over time	\$ 74,518	\$ 2,050	\$	76,568
Transferred at a point in time	88,717	—		88,717
Total revenue	\$ 163,235	\$ 2,050	\$	165,285

Nine Months Ended September 30, 2022		
Professional Services and		
Platform	Other	Total
Three Months Ended March 31, 2023		

Three Months Ended March 31, 2023		
Professional Services and		
Platform	Other	Total
Three Months Ended March 31, 2023		

		Platform	Professional Services and Other	Total
Timing of revenue recognition	Timing of revenue recognition			
Transferred over time				
Transferred over time				
Transferred over time	Transferred over time	\$ 67,710	\$ 3,262	\$ 70,972
Transferred at a point in time	Transferred at a point in time	64,651	—	64,651
Total revenue	Total revenue	\$132,361	\$ 3,262	\$135,623

Contract Balances

Contract Assets

Professional services revenue is generally recognized ratably over the implementation period, beginning on the commencement date of each contract. Platform revenue is recognized as the services are delivered. Under ASC Topic 606, we record a contract asset when revenue recognized on a contract exceeds the billings. Our standard billing terms are monthly; however, the billings may not be consistent with the pattern of recognition, based on when services are performed. Contract assets were \$0.7 million \$0.8 million for both March 31, 2024 and \$0.6 million as of September 30, 2023 and December 31, 2022, respectively.

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December 31, 2023.

Unearned Revenue

Unearned revenue primarily consists of billings or payments received in advance of revenue recognition from subscription services and is recognized as revenue when transfer of control to customers has occurred. During the nine three months ended September 30, 2023 March 31, 2024, we recognized \$1.4 million \$1.0 million of revenue related to contracts that were included in unearned revenue at December 31, 2022 December 31, 2023.

As of September 30, 2023 March 31, 2024, our remaining performance obligations were approximately \$29.4 million \$34.3 million, approximately 53% 46% of which we expect to recognize as revenue over the next twelve months, and substantially all of the remaining revenue will be recognized thereafter over the next 24 to 48 months. These amounts only include contracts subject to a guaranteed fixed amount or the guaranteed minimum under variable contracts. Unrecognized revenues revenue under contracts disclosed above do not include: (1) contracts with an original expected term of one year or less; (2) contracts for which variable consideration is determined based on the customer's subsequent sale or usage; and or (3) agreements for which our right to invoice corresponds with the value provided to the customer.

Deferred Contract Costs

We capitalize the incremental costs of obtaining a revenue contract, including sales commissions for new and renewal revenue contracts, certain related incentives, and associated payroll tax and fringe benefit costs. Capitalized amounts are recoverable through future revenue streams under customer contracts.

The following table summarizes the activity of current and non-current deferred contract costs (in thousands):

Balance at December 31, 2022	\$ 7,022	10,549
Capitalization of deferred contract costs		5,975 1,560
Amortization of deferred contract costs		(3,387) (1,382)
Balance at September 30, 2023	\$ 9,610	10,727

4. Fair Value Measurement

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. We apply the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

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(Unaudited)

Level 1 inputs: Based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 inputs: Based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 inputs: Based on unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

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The following tables present the costs, net unrealized losses, and fair value by major security type for our investments as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** (in thousands):

		As of September 30, 2023						As of March 31, 2024							
		Net		Cash and				Net		Fair		Cash and Cash		Short-term	Long-term
		Cost	Unrealized	Fair	Cash	Short-term	Long-term	Cost	Losses	Value	equivalents	Investments	Investments	Investments	Investments
Cash ⁽¹⁾		\$112,924	\$ —	\$112,924	\$ 112,924	\$ —	\$ —								
As of September 30, 2023															
As of March 31, 2024															
Cash		Cost						Cost							
Level 1:	Level 1:														
Money market funds															
Money market funds															
Money market funds	Money market funds	173,477	—	173,477	173,477	—	—								
Commercial paper	Commercial paper	19,177	(9)	19,168	—	19,168	—								
Subtotal	Subtotal	192,654	(9)	192,645	173,477	19,168	—								
Level 2:	Level 2:														
Certificates of deposit															
Certificates of deposit															
Certificates of deposit	Certificates of deposit	22,790	—	22,790	—	22,790	—								
U.S. Government and agency securities	U.S. Government and agency securities	45,682	(308)	45,374	—	31,376	13,998								
Corporate bonds	Corporate bonds	23,961	(87)	23,874	—	17,048	6,826								
Subtotal	Subtotal	92,433	(395)	92,038	—	71,214	20,824								
Level 3:	Level 3:	—	—	—	—	—	—								

Total	Total	\$398,011	\$ (404)	\$397,607	\$ 286,401	\$ 90,382	\$ 20,824
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(1) We received restricted cash on behalf of the subtenant of our former corporate headquarters at One World Trade Center in advance of certain future rental obligations that will be due from the subtenant and have included this in cash and cash equivalents in the condensed consolidated balance sheets. See "Note 10—Commitments and Contingencies" for more details.

As of December 31, 2022							
		Net		Cash and			
		Unrealized	Fair	Cash	Short-term	Long-term	
		Cost	Losses	Value	equivalents	Investments	Investments
As of December 31, 2023							
		Cost		Net Unrealized Fair Cash and Cash Short-term Long-term			
Cost		Cost	Losses	Value	equivalents	Investments	Investments
Cash	Cash	\$200,808	\$ —	\$200,808	\$ 200,808	\$ —	\$ —
Level 1:	Level 1:						
Money market funds							
Money market funds							
Money market funds	Money market funds	142,168	—	142,168	142,168	—	—
Commercial paper	Commercial paper	21,920	(39)	21,881	—	21,881	—
Subtotal	Subtotal	164,088	(39)	164,049	142,168	21,881	—
Level 2:	Level 2:						
Certificates of deposit							
Certificates of deposit							
Certificates of deposit	Certificates of deposit	35,081	(97)	34,984	6,351	28,633	—
U.S. Government and agency securities	U.S. Government and agency securities	30,408	(42)	30,366	—	29,431	935
Corporate bonds	Corporate bonds	21,070	(75)	20,995	746	18,754	1,495
Subtotal	Subtotal	86,559	(214)	86,345	7,097	76,818	2,430
Level 3:	Level 3:	—	—	—	—	—	—
Total	Total	\$451,455	\$ (253)	\$451,202	\$ 350,073	\$ 98,699	\$ 2,430

Our assets measured at fair value on a nonrecurring basis include long-lived assets and finite-lived intangibles, which are considered to be Level 3 inputs. No material impairment charges were recorded during the ~~nine~~ three months ended September 30, 2023 March 31, 2024. For the nine months ended September 30, 2022 we recorded a non-cash impairment charge of \$0.5 million related

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OLO INC.

Notes to the estimated fair value of a portion of our capitalized internal-use software that was non-recoverable and a non-cash impairment charge of \$2.3 million related to our right-of-use asset and furniture and fixtures in connection with the sublease of our former corporate headquarters at One World Trade Center. Condensed

Consolidated Financial Statements (Unaudited)

Accounts receivable, accounts payable, and accrued expenses are stated at their carrying value, which approximates fair value due to the short time to the expected receipt or payment date.

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Notes to the Condensed Consolidated Financial Statements
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5. Acquisitions

Omnivore Acquisition

On February 20, 2022, we signed a definitive agreement to acquire Omnivore Technologies, Inc. ("Omnivore"), a restaurant technology provider that connects restaurants' Point of Sale systems with technologies that improve efficiency and increase profitability. We closed the acquisition on March 4, 2022 for total consideration of approximately \$49.3 million in cash, net of cash acquired and a post-closing working capital adjustment.

The operating results of Omnivore have been included in our condensed consolidated statement of operations since the acquisition date. Actual results of operations from the date of acquisition through September 30, 2023 and supplemental pro forma revenue and results of operations have not been presented because the effects were not material to the condensed consolidated financial statements.

We have finalized the valuation of assets acquired and liabilities assumed for the acquisition of Omnivore as of March 31, 2023.

Purchase Price Allocation

The following table summarizes the allocation of the purchase price to the fair value of the assets acquired and liabilities assumed of Omnivore (in thousands):

	Final Purchase Price Allocation
Accounts receivable	\$ 451
Other current assets	148
Operating lease right-of-use asset	236
Property and equipment	24
Other assets, noncurrent	9
Customer relationships	1,290
Developed technology	4,410
Trademark	150
Goodwill	44,919
Accounts payable	(198)
Accrued expenses and other current liabilities	(101)
Unearned revenue	(226)
Operating lease liability, current	(81)
Operating lease liability, noncurrent	(177)
Deferred tax liability, net	(1,519)
Total purchase price, net of cash acquired and post-closing working capital adjustment	\$ 49,335

We recorded \$0.4 million in transaction-related expenses for the nine months ended September 30, 2023 primarily related to professional fees and sales taxes associated with the acquisition of Omnivore and the acquisition of Wisely, Inc in November 2021. We recorded \$1.5 million in transaction-related expenses, primarily related to transaction-related compensation, advisory, legal, valuation, and other professional fees, for the nine months ended September 30, 2022.

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Notes to the Condensed Consolidated Financial Statements
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6. Accrued Expenses and Other Liabilities

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

As of September 30, 2023	As of December 31, 2022	As of March 31, 2024	As of March 31, 2024	As of December 31, 2023

Accrued delivery service	Accrued delivery service		
partner fees	partner fees	\$ 43,917	\$ 40,846
Accrued compensation and benefits	Accrued compensation and benefits	7,784	6,986
Sublease liability ⁽¹⁾		2,677	—
Accrued legal settlement ⁽¹⁾			
Professional and consulting fees	Professional and consulting fees	1,190	1,262
Sublease liability			
Accrued taxes	Accrued taxes	927	674
Other	Other	3,039	2,643
Total accrued expenses and other current liabilities	Total accrued expenses and other current liabilities	\$ 59,534	\$ 52,411

(1) See "Note 10—Commitments and Contingencies" for details.

6. Line of Credit

On June 10, 2022, we entered into the Second Amended and Restated Loan and Security Agreement with Pacific Western Bank (now known as Banc of California) related to a revolving credit and term loan facility, or the Second Amended and Restated LSA.

The Second Amended and Restated LSA includes a financial covenant requiring compliance with certain minimum revenue amounts. In addition, the Second Amended and Restated LSA contains representations and warranties generally consistent with the Amended and Restated Loan and Security Agreement, dated February 11, 2020, as amended (the "Prior LSA"), as well as certain non-financial covenants, including, but not limited to, limitations on our ability to incur additional indebtedness or liens, pay dividends, or make certain investments. We received restricted cash were in compliance with these covenants as of March 31, 2024.

As of March 31, 2024, we had \$43.6 million of commitments available under the Second Amended and Restated LSA, after consideration of \$25.0 million in our letter of credit to DoorDash, Inc. ("DoorDash") and \$1.4 million in our letter of credit on behalf of the subtenant lease of our former corporate headquarters at One World Trade Center in advance Center. As of certain future rental obligations that will be due from March 31, 2024, we had no outstanding borrowings under the subtenant. See "Note 10—Commitments line of credit, and Contingencies" for more details. no amounts have been drawn against any of our letters of credit. The \$25.0 million letter of credit to DoorDash expired on March 31, 2024 and was not renewed, as per the terms of the Third Amendment to the Restated Delivery Network Agreement between us and DoorDash, which became effective on March 30, 2024.

7. Stockholders' Equity

Repurchases of Common Stock

On September 7, 2022, our Board of Directors authorized a program to repurchase up to \$100 million of our Class A common stock (the "Stock Buyback Program"). Under the Stock Buyback Program, shares of Class A common stock may be repurchased from time to time on a discretionary basis through open market repurchases, privately negotiated transactions, block purchases, or other means, and will be structured to occur in compliance with applicable securities laws. The Stock Buyback Program does not obligate us to acquire any specific number of shares.

In addition, open market repurchases of common stock could be made pursuant to our trading plans established pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which would permit us

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to repurchase common stock at a time that we might otherwise be precluded from doing so under insider trading laws or self-imposed trading restrictions.

The timing and actual number of shares repurchased is determined by a committee established by the Board of Directors and depends on a variety of factors, including the Class A common stock price, trading volume, market conditions, our cash flow and liquidity profile, the capital needs of the business, and other considerations. Repurchases under the Stock Buyback Program have to date been, and are expected in the future to be, funded with existing cash on hand. The Stock Buyback Program has no expiration date and may be modified, suspended or terminated at any time by the Board of Directors at its discretion.

The following table summarizes the share repurchase activity of our Class A common stock under the Stock Buyback Program for the periods presented (in thousands, except share and per share amounts):

	Total Number of Shares Purchased	Average Price Paid per Share ⁽¹⁾	Value of Shares Repurchased ⁽¹⁾	Remaining Amount Authorized
Balance as of January 1, 2023				\$ 80,000
Repurchases of common stock for the three months ended:				
March 31, 2023	2,652,372	\$ 7.54	\$ 20,000	(20,000)
June 30, 2023	1,409,420	\$ 7.11	\$ 10,018	(10,018)
September 30, 2023	2,014,202	\$ 6.45	\$ 12,995	(12,995)
Total	6,075,994	\$ 7.08	\$ 43,013	\$ 36,987

	Total Number of Shares Purchased	Average Price Paid per Share ⁽¹⁾	Value of Shares Repurchased ⁽¹⁾	Remaining Amount Authorized
Balance as of January 1, 2024				\$ 22,097
Repurchases of common stock for the three months ended:				
March 31, 2024	2,799,891	\$ 5.44	\$ 15,234	(15,234)
Total	2,799,891	\$ 5.44	\$ 15,234	\$ 6,863

(1) Average price paid per share and value of shares excludes broker commission fees.

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OLO INC.

Notes to the Condensed Consolidated Financial Statements
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Charitable Contributions

In March 2021, our Board of Directors approved the issuance of 1,729,189 shares of our Class A common stock to an independent donor-advised fund sponsor, Tides Foundation, in conjunction with our Olo for Good initiative.

We donated 172,918 shares of our Class A common stock to the Olo for Good Fund at Tides Foundation and recognized \$1.1 million as a non-cash general and administrative expense in our condensed consolidated statement of operations for the three and nine months ended September 30, 2023. We donated 172,918 shares of our Class A common stock and recognized \$1.4 million as a non-cash general and administrative expense for the three and nine months ended September 30, 2022.

Through September 30, 2023, we have donated a total of 691,672 shares of our Class A common stock. We expect to donate 1/10th of the total remaining approved shares into the fund annually.

8. Stock-Based Compensation

The 2021 Equity Incentive Plan ("2021 Plan") provides for the issuance of incentive and nonqualified stock options, SARs, stock appreciation rights, restricted stock, restricted stock units ("RSUs"), performance-based restricted stock units ("PSUs"), and other awards, to employees, directors, consultants, and advisors. Pursuant to the evergreen provisions of the 2021 Plan, the Board of Directors approved an automatic increase of 8,124,002 8,168,075 additional shares of Class A common stock reserved and available for issuance under the 2021 Plan effective as of January 1, 2023 January 1, 2024.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 the maximum number of shares authorized for issuance to participants under the Plans 2021 Plan was 40,185,923 48,977,089 and 30,263,529 40,556,635, respectively. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the number of shares available for issuance to participants under the Plans 2021 Plan was 24,812,139 29,299,036 and 23,358,039 25,029,007, respectively.

Restricted Stock Units

The following table summarizes the activity for the unvested RSUs during the three months ended March 31, 2024:

	RSUs	Weighted-Average Grant Date Fair Value
Unvested at December 31, 2023	9,545,036	\$ 8.70
Granted	511,685	5.49
Vested	(684,232)	9.82
Forfeited and canceled	(328,769)	8.67
Unvested at March 31, 2024	<u>9,043,720</u>	<u>\$ 8.44</u>

The total fair value of RSUs vested during the three months ended March 31, 2024 was \$3.8 million. Future stock-based compensation for unvested RSUs awarded as of March 31, 2024 was approximately \$70.2 million and is expected to be recognized over a weighted-average period of 2.82 years.

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OLO INC.

**Notes to the Condensed Consolidated Financial Statements
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Performance-Based Restricted Stock Units

Starting in February 2023, we began awarding made grants to executives in the form of PSUs in addition to ("2023 PSUs") that will vest over three years based on the RSUs achievement of specified financial targets at fixed dollar amounts, the end of a one-year performance period. The target number of shares underlying the RSU and PSU awards 2023 PSUs was determined based on the higher of (a) the 30-trading day average price preceding the grant date or (b) the floor price as determined by the Compensation Committee of the Board of Directors for the calendar year.

The amount of PSUs issued will depend on the achievement of financial metrics relative to the approved performance targets. Depending on the actual financial metrics achieved relative to the target financial metrics for the year ended December 31, 2023, the number of PSUs issued were 103.86% of the target PSUs. Accordingly, 128,370 shares vested in March 2024 upon meeting the time-based vesting requirement. The remaining eligible shares will vest according to the time-based service requirements, subject to the applicable executive's continued service as of each vesting date. The fair value of the 2023 PSUs is calculated based on the stock price on the date of grant.

In March 2024, we made additional PSU grants to executives ("2024 PSUs") that will vest over approximately three years based upon achievement of either (a) certain stock price targets or (b) our target total shareholder return ("TSR"), relative to the TSR of companies in the Russell 2000 Index over the specified performance period, in each case, subject to the executive's continuous service through the last day of the applicable performance period. Depending on achievement of the market-based metrics, the number of PSUs issued could range from 0% to 120% of the target amount. PSUs. The fair value of the 2024 PSUs is determined using a Monte Carlo simulation model on the date of the grant.

Stock-based compensation expense is recognized over the requisite service period using either the straight-line method or the accelerated attribution method (depending on the award), and is adjusted based on actual forfeitures as necessary.

The following table summarizes the activity for the unvested RSUs and PSUs during the ~~nine~~ three months ended ~~September 30, 2023~~ March 31, 2024:

	Weighted-Average Grant Date Fair Value		
	Shares	Value	
Unvested at December 31, 2022	4,559,917	\$ 15.57	
			Weighted-Average Grant Date Fair Value
PSUs			Grant Date Fair Value
Unvested at December 31, 2023			
Granted	Granted 10,920,422	7.04	
Vested	Vested (2,749,110)	10.55	

Forfeited and canceled	Forfeited and canceled	(2,326,701)	11.22
Unvested at September 30, 2023		<u>10,404,528</u>	\$ 8.92
Unvested at March 31, 2024			

The total fair value of RSUs PSUs vested during the **nine** **three** months ended **September 30, 2023** **March 31, 2024** was **\$19.8 million** **\$0.7 million**. Future stock-based compensation for unvested RSUs and PSUs awarded as of **September 30, 2023** **March 31, 2024** was approximately **\$87.3 million** **\$15.0 million** and is expected to be recognized over a weighted-average period of **3.14** **2.74** years.

Employee Stock Purchase Plan

The employee stock purchase plan ("ESPP") current offering period began in December 2023 and ends in June 2024. Pursuant to the evergreen provisions of the ESPP, the Board of Directors approved an automatic increase of 1,084,696 additional shares of Class A common stock reserved and available for issuance under the ESPP effective as of January 1, 2024. As of March 31, 2024, a total of 6,664,687 shares are available for issuance to employees under the ESPP. For the three months ended March 31, 2024 and 2023, we recorded approximately \$0.2 million and \$0.4 million of compensation expense associated with our ESPP, respectively.

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Notes to the Condensed Consolidated Financial Statements (Unaudited)

2021 Employee Stock Purchase Plan

The employee stock purchase plan ("2021 ESPP") current offering period began in June 2023 and ends in December 2023. Pursuant to the evergreen provisions of the 2021 ESPP, the Board of Directors approved an automatic increase of 1,050,883 additional shares of Class A common stock reserved and available for issuance under the 2021 ESPP effective as of January 1, 2023. As of September 30, 2023, a total of 5,785,854 shares are available for issuance to employees under the 2021 ESPP. For the nine months ended September 30, 2023 and 2022, we recorded approximately \$0.9 million and \$1.2 million of compensation expense associated with our 2021 ESPP, respectively.

Stock-Based Compensation Expense

The classification of stock-based compensation expense, which includes expense for stock options, RSUs, PSUs, and ESPP charges, by line item within the condensed consolidated statements of operations was as follows (in thousands):

	Three Months		Nine Months			
	Ended		Ended			
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022		
Three Months						
	Ended		Ended			
	March 31,		March 31,			
Three Months						
	Ended		Ended			
	March 31,		March 31,			
Three Months						
	Ended		Ended			
	March 31,		March 31,			
2024						
Cost of revenue - platform	Cost of revenue - platform	\$ 1,661	\$ 1,367	\$ 5,159	\$ 4,269	
Cost of revenue - professional services and other	Cost of revenue - professional services and other	165	167	528	565	
Research and development	Research and development	3,628	3,571	11,730	10,382	
2024						
Cost of revenue - platform	Cost of revenue - platform	\$ 1,661	\$ 1,367	\$ 5,159	\$ 4,269	
Cost of revenue - professional services and other	Cost of revenue - professional services and other	165	167	528	565	
Research and development	Research and development	3,628	3,571	11,730	10,382	

General and administrative	General and administrative	5,506	5,442	16,093	15,567
Sales and marketing	Sales and marketing	1,553	1,372	6,103	4,321
Restructuring charges		—	—	1,728	—
Total stock-based compensation expense	Total stock-based compensation expense	\$12,513	\$11,919	\$41,341	\$35,104
Total stock-based compensation expense	Total stock-based compensation expense				

9. Income Taxes

We recorded a provision for income taxes resulting in an effective tax rate of (0.08)(1.61)% for the **nine three** months ended **September 30, 2023** **March 31, 2024**. We recorded a **benefit provision** for income taxes resulting in an effective tax rate of 2.61%(0.13)% for the **nine three** months ended **September 30, 2022** **March 31, 2023**. The effective tax rate for the **nine three** months ended **September 30, 2023** **March 31, 2024** is driven primarily by adjustments to the full valuation allowance on our deferred tax assets and adjustments for share-based compensation. We maintain a full valuation allowance on our net federal and state deferred tax assets as we have concluded that it is more likely than not the deferred tax assets will not be realized.

We evaluated the available evidence supporting the realization of our deferred tax assets, including the amount and timing of future taxable income, and determined that it is more likely than not that our net deferred tax assets will not be realized. Due to uncertainties surrounding the realization of the deferred tax assets, we maintain a full valuation allowance against substantially all of our net deferred tax assets. When we determine that we will be able to realize some portion or all of our deferred tax assets, an adjustment to our valuation allowance on our deferred tax assets would have the effect of increasing net income in the period such determination is made.

We applied ASC 740, *Income Taxes*, and determined that we do not have any uncertain positions that would result in a tax reserve for each of the **nine three** months ended **September 30, 2023** **March 31, 2024** and **2022**, **2023**. Our policy is to recognize interest and penalties related to uncertain tax positions in income tax expense. We are subject to U.S. federal tax authority and state tax authority examinations.

10. Commitments and Contingencies

Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. If we determine that a loss is reasonably possible, and the loss or range of loss can be estimated, we will disclose the possible loss in the notes to our financial statements. Accounting for contingencies requires us to use judgment related to both the likelihood of a loss and the estimate of the amount or range of loss. Legal costs incurred in connection with loss contingencies are expensed as incurred.

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On September 26, 2022, a **putative** class action lawsuit was filed in the United States District Court for the Southern District of New York asserting claims under the federal securities laws against us and certain of our executive officers. On December 21, 2022, the Court appointed a lead plaintiff and lead counsel on behalf of the **putative** class, following which the case was captioned *Steamship Trade Association of Baltimore - International Longshoremen's Association Pension Fund v. Olo Inc., et al.* (Case No.1:22-cv-08228-JSR). On August 9, 2023, lead plaintiff filed a second amended complaint asserting claims on behalf of a **putative** class composed of all persons who purchased or otherwise acquired our securities between March 17, 2021 and August 11, 2022, inclusive (the "Second Amended Complaint"). The Second Amended Complaint asserts a claim against all defendants for alleged violations of Section 10(b) of the Exchange Act and Rule 10b5 promulgated thereunder and a claim under Section 20(a) of the Exchange Act against Mr. Glass, our Chief Executive Officer, and Mr. Benevides, our Chief Financial Officer, as alleged

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Notes to the Condensed Consolidated Financial Statements (Unaudited)

controlling persons. The Second Amended Complaint alleges that defendants made materially false and misleading statements concerning, among other things, our business relationship with the restaurant brand Subway, our financial position, our enterprise market segment, customers, and our publicly disclosed "active locations" counts, and that these alleged false and misleading statements caused losses and damages for members of the putative class. The Second Amended Complaint seeks unspecified damages, interest, costs and attorneys' fees, and other unspecified relief that the Court deems appropriate. On August 24, 2023, we filed a motion to dismiss the Second Amended Complaint. On September 26, 2023, the Court issued a summary order granting in part and denying in part our motion to dismiss, dismissing the claims in the Second Amended Complaint to the extent they are premised on misstatements about Subway, our financial prospects, and our prospects in the enterprise market, but permitting the remaining claims concerning our publicly disclosed "active locations" counts to proceed. Under On December 1, 2023, the current schedule, Court issued an opinion confirming its September 26, 2023, order granting in part and denying in part our motion to dismiss. Also on December 1, 2023, the Court entered an order certifying a class of stockholders that purchased Olo's Class A common stock between March 17, 2021 and August 11, 2022. On January 16, 2024, the parties reached an agreement to settle the lawsuit, and lead plaintiff filed an unopposed motion for preliminary approval of the proposed class action settlement. The Court preliminarily approved the settlement on February 20, 2024 and scheduled a final pre-trial conference settlement hearing for June 10, 2024. In connection with the agreement, we recorded an expense of \$9.0 million during the year ended December 31, 2023 for the anticipated settlement. We maintain insurance coverage for a portion of the settlement and legal and consulting fees, but we do not record anticipated insurance proceeds until all contingencies relating to the insurance recovery have been removed, including an acknowledgment by the insurance company and our determination that recovery of the expected amount is set for January 25, 2024. We are unable to predict probable. During the outcome, or the reasonably possible loss or range of loss, if any, related to three months ended March 31, 2024, we recorded \$1.6 million in recoveries under this matter, insurance coverage, which was recorded within general and administrative expenses.

On May 4, 2023, Cashondra Floyd, an alleged Olo stockholder, derivatively and on behalf of us as a nominal defendant, filed a complaint in the U.S. District Court for the Southern District of New York against certain of our directors and officers (the "Derivative Floyd Defendants"), captioned *Floyd v. Glass, et al.* (Case No. 1:23-cv-03770). On May 25, 2023, the plaintiff voluntary dismissed her complaint and refiled in the Court of the Chancery of the State of Delaware (C.A. No. 2023-0560) (the "Floyd Derivative Complaint"). The Floyd Derivative Complaint alleges that, between at least August 10, 2021 and August 11, 2022, the Floyd Defendants caused, or failed to prevent, our alleged issuance of materially false and misleading statements concerning our business relationship with the restaurant brand Subway and our publicly disclosed "active locations" counts. The Floyd Derivative Complaint asserts claims for breaches of fiduciary duty, aiding and abetting breach of fiduciary duty, and waste of corporate assets. The Floyd Derivative Complaint seeks a judgment declaring that the plaintiff may bring the action on behalf of us in a derivative capacity; awarding us damages for the Floyd Defendants' alleged breaches of fiduciary duty, and waste of corporate assets; requiring us to reform and improve our corporate governance and internal procedures; ordering the Floyd Defendants to pay restitution to us; awarding the plaintiff her costs, fees, and expenses, including attorney's fees; and granting such other relief that the Court determines to be appropriate. On June 1, 2023, the Court granted the parties' stipulation to stay the Floyd Derivative Complaint. We are unable to predict the outcome, or the reasonably possible loss or range of loss, if any, related to this matter.

On November 16, 2023, Alexander A. Balleh and Neil Ahearn, alleged Olo stockholders, derivatively and on behalf of us as a nominal defendant, filed a complaint in the Court of the Chancery of the State of Delaware captioned *Balleh v. Glass, et al.* (C.A. No. 2023-1165) (the "Balleh Derivative Complaint") against certain of our directors and officers (the "Balleh Defendants"). The Balleh Derivative Complaint alleges that, from approximately March 2021 through the date of the Balleh Derivative Complaint, the Balleh Defendants caused our alleged issuance of materially false and misleading statements concerning our business relationship with the restaurant brand Subway and our publicly disclosed "active locations" counts. The Balleh Derivative Complaint asserts a claim for breaches of fiduciary duty. The Balleh Derivative Complaint seeks a judgment against the Balleh Defendants in favor of us for the amount of damages sustained by us as a result of the Balleh Defendants' breaches of fiduciary duties; directing us to take all necessary actions to reform and improve our corporate governance and internal procedures to comply with applicable laws and to protect us and our shareholders from a repeat of the damaging events alleged in the Balleh Derivative Complaint; awarding us restitution from the Balleh Defendants and ordering disgorgement of all profits, benefits and other compensation obtained by the Balleh Defendants; awarding plaintiffs the costs and disbursements of the action, including reasonable attorneys' fees, accountants' and experts' fees, costs and expenses; and granting such other relief that the Court deems just and proper. We are unable to predict the outcome, or the reasonably possible loss or range of loss, if any, related to this matter.

On January 11, 2024, J. Brandon Giuda and Katrina Giuda, alleged Olo stockholders, derivatively and on behalf of us as a party to various lawsuits and claims nominal defendant, filed a complaint in the ordinary course Court of the Chancery of the State of Delaware captioned *Giuda v. Glass, et al.* (C.A. No. 2024-0025) (the "Giuda Derivative Complaint") against certain of our directors and officers (the "Giuda

Derivative Defendants"). The Giuda Derivative Complaint alleges that, from at least March 2021, the Giuda Derivative Defendants caused, or failed to prevent, our alleged issuance of materially false and misleading statements concerning our business relationship with the restaurant brand Subway and our publicly disclosed "active locations" counts. The Giuda Derivative Complaint asserts claims for breaches of fiduciary duties, contribution and indemnification, aiding and abetting breaches of fiduciary duties, insider trading against Defendant Glass, and unjust enrichment against Defendant Glass. The Giuda Derivative Complaint seeks a judgment against the Giuda Derivative Defendants declaring that plaintiffs may maintain the action on behalf of us and that they are adequate representatives of us; declaring that the Giuda Derivative Defendants have breached and/or aided and abetted the breach of their fiduciary duties to Olo; directing us to take all necessary actions to implement and maintain an effective system of internal controls and meaningful oversight and monitoring; determining and awarding to us the damages sustained as a result of the violations alleged against the Giuda Derivative Defendants; ordering Defendant Glass to disgorge and pay to us all profits, benefits, and other compensation obtained by his alleged insider trading and breaches of fiduciary duties; ordering the disgorgement of profits, benefits, and other compensation; awarding us restitution from the Giuda Derivative Defendants; awarding plaintiffs costs and disbursements of the action, including reasonable attorneys' and experts' fees, costs, and expenses; and granting such other relief that the matter described above. Court deems just and proper. On April 26, 2024, the Court granted the parties' stipulation regarding a schedule for the Giuda Derivative Defendants' anticipated motion to dismiss the Giuda Derivative Complaint. The Giuda Derivative

Defendants are currently due to answer, move to dismiss, or otherwise respond to the Giuda Derivative Complaint by July 25, 2024. We are unable to predict the outcome, or the reasonably possible loss or range of loss, if any, related to this matter.

We have also received, and may in the future continue to receive, other claims from third parties asserting, among other things, infringement of their intellectual property rights. Future litigation may be necessary to defend ourselves or our customers by determining the scope, enforceability, and validity of third-party proprietary rights or to establish our proprietary rights. Defending such proceedings is costly and can impose a significant burden on management and employees. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

Leases

During ~~In~~ March 2023, we abandoned our office lease located at 26 Broadway, New York, New York, resulting in a reduction of \$0.3 million to operating lease right-of-use assets and operating lease liabilities, respectively. On April 18, 2023, we entered into an agreement with our landlord that provided for an early termination of our office lease located at 26 Broadway, New York, New York.

We received restricted cash on behalf of Sublease income was \$0.6 million and \$0.7 million for the three months ended March 31, 2024 and 2023, respectively. During the three months ended March 31, 2024, the subtenant of our former corporate headquarters at One World Trade Center surrendered the premises back to us, and in advance connection with this, we recorded a lease termination benefit of certain future rental obligations that will be due from the subtenant. The balance we received on behalf of

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Notes to the Condensed Consolidated Financial Statements (Unaudited)

the subtenant of \$2.7 ~~\$1.4~~ million is included in cash within general and cash equivalents, with an equal and offsetting liability in accrued expenses and other current liabilities in the condensed consolidated balance sheets as of September 30, 2023.

Sublease income was \$0.6 million and \$0.1 million for the three months ended September 30, 2023 and 2022, respectively. Sublease income was \$1.9 million and \$0.3 million for the nine months ended September 30, 2023 and 2022, respectively. ~~Administrative expenses~~

11. Net Loss per Share Attributable to Common Stockholders

A reconciliation of net loss available to common stockholders and the number of shares in the calculation of basic net loss per share is as follows (in thousands, except share and per share data):

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
Three Months Ended March 31,					
Three Months Ended March 31,					
Three Months Ended March 31,					
2024				2024	2023
Numerator: Numerator:					
Net loss attributable to Class A and Class B common stockholders					
Net loss attributable to Class A and Class B common stockholders					
Net loss attributable to	Net loss attributable to				
Class A and	Class A and				
Class B	Class B				
common	common				
stockholders	stockholders	\$ (11,759)	\$ (14,560)	\$ (42,541)	\$ (37,742)
Denominator:	Denominator:				

Weighted-average Class A and Class B common shares outstanding— basic and diluted	Weighted-average Class A and Class B common shares outstanding— basic and diluted	163,991,486	162,364,654	162,674,062	160,667,412
Weighted-average Class A and Class B common shares outstanding—basic and diluted					
Weighted-average Class A and Class B common shares outstanding—basic and diluted					
Net loss per share attributable to Class A and Class B common stockholders— basic and diluted	Net loss per share attributable to Class A and Class B common stockholders— basic and diluted	\$ (0.07)	\$ (0.09)	\$ (0.26)	\$ (0.23)

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The following potential common shares were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented, because including them would have been anti-dilutive (on an as-converted basis):

	Three Months Ended September 30,		Nine Months Ended September 30,		2024	2023
	2023	2022	2023	2022		
	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,		
Outstanding stock options	Outstanding stock options	22,730,187	31,960,236	22,730,187	31,960,236	
Outstanding restricted and performance-based stock units		10,404,528	4,710,098	10,404,528	4,710,098	
Outstanding RSUs and PSUs						
Outstanding shares estimated to be purchased under ESPP	Outstanding shares estimated to be purchased under ESPP	192,422	125,128	192,422	125,128	
Total	Total	33,327,137	36,795,462	33,327,137	36,795,462	

12. Restructuring Charges Subsequent Events

On June 14, 2023, In April 2024, we completed further amended the Restructuring Plan Second Amended and had a reduction Restated Loan and Security Agreement (the "Second Amendment") with Banc of California (formerly known as Pacific Western Bank) to set compliance thresholds for 2024. The Second Amendment did not change any other financial or non-financial covenants, and we remained in compliance with all required covenants upon execution of the Second Amendment. The foregoing description of the material terms of the Second Amendment does not purport to be complete and is subject to, and is qualified in its entirety by, reference to the full terms of the Second Amendment, which we intend to file as an exhibit to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2024.

In the second quarter of 2024, we repurchased an additional 1,374,108 shares of our workforce by approximately 11% Class A common stock at a weighted average price of \$4.99 per share for a total amount of \$6.9 million, completing the Stock Buyback Program authorized in September 2022. On April 30, 2024, our Board of Directors authorized a program to reorganize repurchase up to \$100 million of our business to better focus our investments on customer needs and to support long-term growth objectives.

We incurred charges of \$6.8 million Class A common stock (the "2024 Buyback Program"). The 2024 Buyback Program is in connection with the Restructuring Plan for the nine months ended September 30, 2023, consisting of the following: \$4.5 million related to severance expense and payroll taxes, \$1.7 million related to stock-based compensation expense due addition to the acceleration of equity awards, and \$0.6 million related to other employee benefits. These expenses are recorded within the restructuring charges line item Stock Buyback Program completed in the condensed consolidated statement second quarter of operations.

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The following table summarizes the restructuring liabilities, which are recorded within accrued expenses and other current liabilities on the condensed consolidated balance sheets, as of September 30, 2023 (in thousands):

	\$	—
Balance at January 1, 2023		
Charges	6,682	
Payments	(2,726)	
Balance at June 30, 2023	3,956	
Charges	166	
Payments	(4,004)	
Balance at September 30, 2023	\$ 118	

The actions associated with the Restructuring Plan were fully completed during the nine months ended September 30, 2023 and we do not expect to incur any material additional charges under this plan.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q. The discussion contains forward-looking statements, including, but not limited to, statements with respect to our transaction volumes, our net revenue retention, rate, our costs and expenses, and new and existing customer adoption and growth of modules and multi-modules, that are based on the beliefs of management, as well as assumptions made by, and information currently available to, our management. Actual results could differ materially from those discussed in or implied by forward-looking statements as a result of various factors, including those discussed elsewhere in this Quarterly Report on Form 10-Q, particularly in the section entitled "Special Note Regarding Forward-Looking Statements," and our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, filed with the Securities and Exchange Commission, or SEC, on February 24, 2023 February 21, 2024, and our other filings with the SEC.

Overview

We are Olo, a leading open SaaS platform for restaurants.

Our platform powers restaurant brands' on-demand digital commerce operations, enabling digital ordering, delivery, front-of-house management, and payments, while further strengthening and enhancing restaurants' direct guest relationships. Guests today expect more on-demand convenience and personalization from restaurants, particularly through digital channels, but many restaurants lack the in-house infrastructure and expertise to satisfy this increasing demand in a cost-effective manner. We provide restaurants restaurant brands with a business-to-business-to-guest, an enterprise-grade, open SaaS platform that powers their digital ordering, delivery, and payment programs and

enables them to manage their complex digital businesses collect, analyze, and enable fast and act on data to drive more personalized experiences for their guests. meaningful guest experiences. Our platform and application programming interfaces, or APIs, seamlessly integrate with a wide range of solutions, unifying disparate technologies across the restaurant ecosystem. Restaurant Leading restaurant brands rely trust Olo for its capabilities, reliability, security, scalability, and interoperability. Our platform currently handles, on us to increase their digital omni-channel sales, maximize profitability, establish average, more than two million orders per day, and maintain direct guest relationships, more than 85 million guests have transacted on our platform over the last year. As of March 31, 2024, our customer base included over 700 restaurant brands, representing approximately 81,000 active locations, across all industry service models, including quick service, fast casual, casual dining, family dining, and collect, protect, coffee and leverage valuable guest data, snack food.

As a result of our ability to meet restaurant brands' growing needs, gross merchandise volume, or GMV, which we define as the gross value of orders processed through our platform, has increased on an annual basis, reaching more than \$23 billion in GMV \$26 billion during the year ended December 31, 2022 December 31, 2023, and gross payment volume, or GPV, which we define as the gross volume of payments processed through our Olo Pay, module, has reached \$250 million \$1 billion during the year ended December 31, 2022 December 31, 2023. Management uses GMV and GPV metrics to assess demand for our products. We also believe these metrics provide investors with useful supplemental information about the financial performance of our business, enable the comparison of financial results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect to key metrics used by management in operating our business. Our well-established platform has led

Restaurants are an incredibly complex segment of the retail industry. Restaurant operators must manage the intricacies of food production for just-in-time consumption and comply with strict health and safety regulations while providing a high-quality and consistent guest experience that engenders loyalty and trust. Most restaurant brands, which we define as a specific restaurant brand or restaurant chain, do not have the expertise or the resources to develop their own solutions to manage on-demand digital commerce and are more acutely challenged because their in-store technology consists of a fragmented set of legacy solutions, many of which were developed before the major publicly traded internet. At the same time, delivery service providers, or DSPs, and top 50 fastest growing private ordering aggregators have catalyzed digital demand, but pose new challenges for restaurant brands measured by overall sales, in through lower long-term profitability, increased complexity, disintermediation of the United States to work with us and has been a factor in our dollar-based net revenue retention, which approximated 119% for the three months ended September 30, 2023. See the section below entitled "Key Factors Affecting Our Performance" for additional information on how we calculate dollar-based net revenue retention. Further, industry-recognized outlets, including Restaurant Business Online, QSR Magazine, and Nation's Restaurant News, have also deemed Olo a leading food ordering platform for the restaurant industry.

We built Olo restaurant's direct relationship with the goal of being the leading SaaS platform for guest and, increasingly, directly competitive food offerings. Due to its unique complexities and challenges, the restaurant industry by aligning has historically been one of the solutions we have developed lowest-penetrated on-demand digital commerce segments of the retail industry, with digital orders accounting for only 16% of total restaurant industry orders in 2023, according to data from the NPD Group.

Our open SaaS platform is purpose-built to meet the complex needs of restaurants and align with the needs interests of our customers. For over 15 years, we the restaurant industry. We have developed our platform in collaboration with many of the leading restaurant brands in the United States. We believe our platform is the only independent open SaaS platform for restaurants to enable hospitality with modern solutions that allow brands to: across three product suites:

- **Order. Order.** A suite of solutions powering restaurant brands' on-demand commerce operations, enabling digital ordering, delivery, and channel management through the Ordering, Dispatch, Rails, Switchboard, Network, Virtual Brands, Kiosk, Catering, and Sync modules. management;
- **Pay. Pay.** A fully-integrated, frictionless payment platform, enabling restaurants to grow and protect their digital business through an improved guest payment experience, offering advanced fraud prevention designed to improve authorization rates for valid transactions, and increase basket conversion through our Olo Pay module. conversion; and

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- **Engage. Engage.** A suite of restaurant-centric marketing solutions optimizing Guest Lifetime Value, or LTV, by strengthening leveraging data to strengthen and enhancing enhance the restaurants' direct guest relationships through the Guest Data Platform, or GDP, Marketing, Sentiment, and Host modules. relationships.

The key milestones in our corporate history are the following:

- 2005: Olo Founder and CEO Noah Glass accepted \$0.5 million in Series A funding to start Mobo.
- 2010: We began rebranding as "Olo" and shifted our focus to enterprise customers.
- 2015: We launched Dispatch, our first significant product extension.
- 2017: We launched Rails and surpassed \$1 billion in GMV.
- 2021: We completed our IPO, executed our first acquisition, and surpassed \$20 billion in GMV.
- 2022: We announced commercial availability of Olo Pay, and surpassed \$23 billion in GMV and \$250 million in GPV.

Leading restaurant brands trust Olo's enterprise-grade platform for its capabilities, reliability, security, scalability, GMV and interoperability. Our platform currently handles, on average, more than 2 million orders per day, and more than 85 million guests have transacted on our platform over the last year. \$1 billion in GPV.

We continually invest in architectural improvements so that our system can scale in tandem with our continued growth. Additionally, both internal and external security experts frequently test our system for vulnerabilities. To our knowledge, to date, we have never experienced a material breach of customer or guest data. Our open SaaS platform integrates with over 300 restaurant technology solutions including point-of-sale, or POS, systems, aggregators, delivery service providers, or DSPs, ordering service providers, or OSPs, payment processors, user experience, or UX, and user interface, or UI, providers, and loyalty programs, giving our customers significant control over the configuration and features of their distinct digital offering.

We are the exclusive direct digital ordering provider for many leading brands across all service models of the restaurant industry, including quick service, fast casual, casual dining, family dining, and coffee and snack food. Our contracts typically have initial terms of three years or longer, with continuous one-to-two-year automatic renewal periods, providing visibility into our future financial performance. Our brands tend to be highly loyal.

We have a highly efficient go-to-market model as a result of our industry thought leadership, partnership approach with our restaurant customers, and experienced enterprise sales, customer success, and deployment teams. Unlike other enterprise software businesses, where the sales team works to sell to add a single location or division and expand to others, we generally enter into relationships at the brand's corporate level and strive to secure exclusivity across all locations. We consider each specific restaurant brand to be a customer, even if owned by a parent organization that owns multiple restaurant brands. In addition, each restaurant brand may have hundreds or even thousands of individual operators (sometimes referred to as "franchisees") who own and operate a specific location or locations. It may take time to get all locations deployed, or we may not ultimately deploy all locations due to varying factors. For example, operator locations generally have more latitude in terms of their use of brand-endorsed solutions. Our relationship at the brand's corporate level, however, This enables us to market deploy our modules across all new and existing brand locations without any additional sales and marketing costs and upsell new offerings to the brand itself, rather than each individual location. Our dollar-based net revenue retention exceeded 120% for the three months ended March 31, 2024. See the section below entitled "Key Factors Affecting Our Performance" for additional information on how we calculate dollar-based net revenue retention.

We refer to our business model as a transactional SaaS model, as it includes both subscription and transaction-based revenue streams, and we designed it to align with our customers' success. Our model allows our customers to forego the cost of building, maintaining, and securing their own digital ordering and delivery platforms and to retain direct relationships with their guests while maximizing profitability. Our hybrid-pricing model provides us with a predictable revenue stream and enables us to further grow our revenue as our customers increase their digital order volume. We generate subscription revenue primarily from our Ordering, Switchboard, Kiosk, Catering, Virtual Brands, Kiosk, Catering, Sync, Guest Data Platform, or GDP, Marketing, Sentiment, and Host modules. In addition, a growing portion of our customers purchase an allotment of monthly orders for a fixed monthly fee and pay us an additional fee for each excess order, which we also consider to be subscription revenue. Our transaction revenue primarily includes revenue generated from our Dispatch, Rails, Network, Virtual Brands, and Olo Pay modules. In most cases, we also charge aggregators, channel partners, and other service providers in our ecosystem on a per transaction basis for access to our Rails and Dispatch modules. We also derive transactional revenue from our Network module, which allows brands to take orders from non-aggregator digital channels (e.g.,

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Order with Google, which enables restaurants to fulfill orders directly through Google Search results and Google Maps pages) and generates fees predominantly through revenue sharing agreements with partners.

Key Factors Affecting Our Performance

Expand Within Our Existing Customer Base

Our large base of enterprise customers and transactional SaaS revenue model represent an opportunity for further revenue expansion from the sale of additional modules, modules and the addition of new restaurant locations. A key factor to our success in executing our expansion strategy will be our ability to retain our existing and future restaurant customers. Our long-term, direct digital ordering contracts with our customers provide us the opportunity to form unique trusted partnerships with our

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restaurant brands, further enhancing our ability to satisfy and retain our customers. Our contracts typically have initial terms of three years or longer, with continuous one-to-two-year automatic renewal periods, providing visibility into our future performance.

One indication of our ability to grow within our customer base, through the development of our products that our customers value, is our average revenue per unit. We calculate our average revenue per unit by dividing the total platform revenue in a given period by the average active locations in that same period. We believe this demonstrates our ability to grow within our customer base through the development of our products that our customers value. Our ability to retain and increase revenue from existing customers will depend on a number of factors, including fluctuations in our customers' spending levels, our customers' ability to deploy our modules, fluctuations in the number of transactions processed by our customers on the platform, the average number of active locations, and the ability of our customers to switch to a competitor or develop their own solutions to replace our products. We have experienced, and will continue to experience, certain of our customers or locations reducing or terminating their usage of our internal platform including as a result of developing their own solutions that do not utilize any or all of our modules or moving to a competitor. solutions. In addition, Wingstop Inc. recently announced an initiative to develop their own technology solution, which they expect to roll out beginning in the second quarter of 2024. Our current contract with Wingstop Inc. runs through March Starting in the third quarter of 2024, and it is unclear when and to what extent we believe Wingstop Inc. will transition from our platform, strive to sustain and grow the use of

Olo's APIs for Voice orders. Management does not believe that any the change to the Wingstop Inc. relationship will be material to our business, results of operations, or financial condition.

The following summarizes our average revenue per unit and approximate number of active locations for the three months ended, or as of, each of the dates presented.

Three Months Ended September 30, 2023 2022		Three Months Ended March 31, 2024		Three Months Ended March 31, 2023	
		2024	2024	2023	2023
Average Revenue Per Unit	Average Revenue Per Unit	\$ 742	\$ 558		
Ending Active Locations	Ending Active Locations	78,000	84,000		

Another metric used to demonstrate the propensity of our customers to continue to work with and expand their relationship with us over time is our dollar-based net revenue retention, which compares our revenue from the same set of active customers in one period to the prior year period. An active customer is a specific restaurant brand that utilizes one or more of our modules in a given quarterly period. We calculate dollar-based net revenue retention as of a period-end by starting with the revenue, defined as platform revenue, from the cohort of all active customers as of 12 months prior to such period-end, or the prior period revenue. We then calculate the platform revenue from these same customers as of the current period-end, or the current period revenue. Current period revenue includes any expansion and is net of contraction or attrition over the last 12 months, but excludes platform revenue from new customers in the current period. We then divide the total current period revenue by the total prior period revenue to arrive at the point-in-time dollar-based net revenue retention. We believe that net revenue retention is an important metric to our investors, demonstrating our ability to retain our customers and expand their use of our modules over time, proving the stability of our revenue base and the long-term value of our customer relationships.

For the quarter ended **September 30, 2023** **March 31, 2024**, net revenue retention **was approximately 119%** **exceeded 120%**. We have maintained a net revenue retention in excess of 100% throughout the past several years, and expect to continue this trend in the near term as customers continue to adopt additional product modules such as Olo Pay, GDP, Marketing, Sentiment, and Host.

We believe that, in the near term, average revenue per unit and net revenue retention will be greater drivers of growth than total active locations. This is due to the potential opportunity for further multi-module penetration and continued growth in digital ordering across our existing customer base. Additionally, because multi-module penetration can vary across

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active locations, fluctuations in active locations may not be a clear indication of performance. An example of this would be when a brand has transitioned from our platform and the associated total revenue or revenue per unit of that brand is not material or less than our average.

Enable Higher Transaction Volume

Transaction revenue will continue to be an important source of our growth. We intend to continue to work with our existing restaurant customers to enable higher transaction volume at their locations that utilize our products. Higher transaction volumes may enable us to **generate** additional subscription and transaction revenue. As on-demand digital commerce grows to represent a larger share of total food consumption, we expect to significantly benefit from this secular trend as we capture a portion of this increased on-demand digital commerce order volume. Not only does our software create the opportunity to drive more orders for our customers, but we also expect the industry's secular tailwinds to help increase transaction order volume as more guests order food through digital means, including on- and off-premise. As transaction volume increases, the subscription

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revenue we receive from certain subscription-based modules may also increase as customers subscribe for higher tier ordering packages to enable more transactions. Additionally, as we continue to expand our product offerings and improve our current software, we also believe that we may be able to increase our share of the transaction revenue that flows through our platform. Specifically, in February 2022, we announced the general availability of our payment solution, Olo Pay, which we believe can continue to increase our ability to generate transactional revenue. Our ability to increase transaction volume is dependent on, among other factors, macroeconomic conditions, as well as the continued shift to digital ordering for food consumption and our ability to capture a meaningful portion of that shift.

Add New Large Multi-Location and High-Growth Restaurant Brands

We believe there is a substantial opportunity to continue to grow our customer base across the U.S. restaurant industry, adding to our over 600 700 existing brands across approximately 78,000 81,000 active locations as of **September 30, 2023** March 31, 2024. We define an "active location" as a unique restaurant location that is utilizing or subscribed to one or more of our modules in a given quarterly period. period (depending on the module). Given this definition, active locations in any one quarter may not reflect: (i) the future impact of new customer wins as it can take some time for their locations to go live with our platform, or (ii) the customers who have indicated their intent to reduce or terminate their use of our platform in future periods. Of further note, not all of our customer locations may choose to utilize our products, and while we aim to deploy all of customer a customer's locations, not all locations may ultimately deploy. We intend to continue to drive new customer growth by leveraging our brand and experience within the industry and expanding our sales and marketing efforts. We have also historically pursued and will continue to target the most well-capitalized, fastest-growing restaurant brands in the industry. Our ability to attract new customers will depend on a number of factors, including our ability to innovate, the effectiveness and pricing of our new and existing modules, the growth of digital ordering, and the success of our marketing efforts.

Investment in Innovation and Growth

We have invested and intend to continue to invest in expanding the functionality of our current platform and broadening our capabilities to address new market opportunities, particularly around payments, data analytics, and on-premise dining. We also intend to continue to invest in enhancing awareness of our brand and developing more modules, features, and functionality that expand our capabilities to facilitate the extension of our platform to new use cases and industry verticals. We believe this strategy will provide new avenues for growth and allow us to continue to deliver differentiated, high-value outcomes to both our customers and stockholders. Specifically, we intend to invest in research and development to expand our existing modules and build new modules, sales and marketing to promote our modules to new and existing customers and in existing and expanded geographies, professional services to ensure the success of our customers' implementations of our platform, and other operational and administrative functions to support our expected growth and requirements as a public company. For example, as Olo Pay continues to scale and we realize expanded Olo Pay adoption, we may experience increased processing and personnel-related costs. We expect our total operating expenses will increase over time and, in some cases, have short-term negative impacts on our operating margin. We also intend to continue to evaluate strategic acquisitions and investments in businesses and technologies to drive product and market expansion. Our future success is dependent, in part, on our ability to successfully develop, market, and sell new and existing modules to new and existing customers.

Grow Our Ecosystem

We plan to expand our current ecosystem of third-party partners to better support our customers. Our platform is highly configurable and deeply embedded into our customers' disparate existing infrastructures. Our platform seamlessly integrates with technology providers across the restaurant ecosystem, including most POS systems, DSPs, OSPs, aggregators,

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payment processors, loyalty programs, on-premise ordering providers, kitchen display systems, labor management providers, inventory management providers, and reservation and customer relationship management platforms. We believe that we can leverage these unique partnerships to deliver additional value to our customers. We see opportunity to further broaden our partnership group and build upon the integrations we currently offer. We plan to continue to invest and expand our ecosystem of compatible third-party technology providers to allow us to service a broader network of restaurant brands. We believe that these technology partnerships make us a critical component for restaurant brands looking to enhance their digital ordering and delivery platforms. We intend to continue to invest in building functionality that further integrates our platform with additional third-party technology providers, which would expand our capabilities and facilitate the extension of our platform to new use cases and industry verticals. Our future success is dependent on our ability to continue to integrate with third-party technology providers in the restaurant ecosystem.

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Expand Our Longer-Term Market Opportunity

While we have not made any significant investments in this area to date, we believe there is an opportunity to partner with small- and medium-sized businesses to enable their on-demand digital commerce presence. Additionally, as many of our customers operate internationally, we believe there is a significant opportunity to expand the usage of our platform outside of the United States. We also believe that our platform can be applied to other commerce verticals, beyond the restaurant industry, that are undergoing a similar digital transformation to deliver real-time experiences and on-demand fulfillment to guests. For example, we currently partner with a number of grocery chains who use our Ordering module to help their guests order ready-to-eat meals and may potentially expand these or other partnerships in the future. We anticipate that our operating expenses will increase as a result of these initiatives. initiatives and, in some cases, have short-term negative impacts on our operating margin.

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Components of Results of Operations

Revenue

We generate revenue primarily from platform fees and professional services.

Platform

Platform revenue primarily consists of fees that provide customers access to one or more of our modules and standard customer support. Our contracts typically have initial terms of three years or longer, with continuous one-to-two-year automatic renewal periods. We generally bill monthly in arrears. A majority of our platform revenue is derived from our Order solutions, which consist of our Ordering, Dispatch, Rails, Switchboard, Network, Virtual Brands, Kiosk, Catering, and Sync modules. We also generate platform revenue from our Olo Pay module, which became commercially available during 2022, as well as from our Engage solutions, which consist of our GDP, Marketing, Sentiment, and Host modules.

Professional Services and Other

Professional services and other revenue primarily consists of fees paid to us by our customers for the implementation of our platform. The majority of our professional service fees are billed on a fixed fee basis upon execution of our agreement.

Cost of Revenue

Platform

Platform cost of revenue primarily consists of costs directly related to our platform services, including expenses for customer support and infrastructure personnel, including salaries, taxes, benefits, bonuses, and stock-based compensation, which we refer to as personnel costs, third-party software licenses, hosting, amortization of capitalized internal-use software and developed technology, payment processing, and allocated overhead. We expect platform cost of revenue to increase in absolute dollars in order to support additional customer and transaction volume growth on our platform.

Professional Services and Other

Professional services and other cost of revenue primarily consists of the personnel costs of our deployment team associated with delivering these services and allocated overhead.

Gross Profit

Gross profit, or revenue less cost of revenue, has been, and will continue to be, affected by various factors, including revenue fluctuations, our mix of revenue associated with various modules, the timing and amount of investments in personnel, increased hosting capacity to align with customer growth, and third-party licensing costs.

Operating Expenses

Our operating expenses consist of research and development, general and administrative, and sales and marketing expenses. Personnel costs are the most significant component of operating expenses.

Research and Development

Research and development expenses primarily consist of engineering and product development personnel costs and allocated overhead costs. Research and development costs exclude capitalized internal-use software development costs, as they are capitalized as a component of property and equipment, net and amortized to platform cost of revenue over the term of their estimated useful life. We anticipate investments in this area to increase slightly on an absolute dollar basis, but to decrease as a percentage of revenue in the short-term, as we balance growth initiatives and investments in innovative solutions to support our customers' rapidly evolving needs.

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General and Administrative

General and administrative expenses primarily consist of personnel costs and contractor fees for finance, legal, human resources, information technology, and other administrative functions. In addition, general and administrative expenses include amortization of trademarks, travel-related expenses, and allocated overhead. We also incur additional general and administrative expenses as a result of operating as a public company. We expect that our general and administrative expenses will continue to grow on an absolute dollar basis while declining as a percentage of revenue as we continue to scale our operations over time.

Sales and Marketing

Sales and marketing expenses primarily consist of sales, marketing, and other personnel costs, commissions, general marketing, amortization of customer relationships, promotional activities, and allocated overhead costs. Sales commissions earned by our sales force are deferred and amortized on a straight-line basis over the expected benefit

period. We plan to continue to invest in sales and marketing by expanding our go-to-market activities, hiring additional sales representatives, and sponsoring additional marketing events and trade shows. We expect our sales and marketing expenses to increase on an absolute dollar basis, but decline as a percentage of revenue, over time.

Restructuring Charges

Restructuring charges are comprised of severance costs, payroll taxes, and stock-based compensation expense associated with the accelerated vesting of equity awards. These charges were incurred as a result of our completed corporate reorganization in the second quarter of 2023, which entailed a reduction of workforce.

Other Income, Net

Other income, net consists primarily of income earned on our investments and money-market funds **in cash and cash equivalents**, partially offset by interest expense related to our credit facility.

Provision (Benefit) for Income Taxes

Provision (benefit) for income taxes primarily relates to U.S. state income taxes where we conduct business.

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Results of Operations

The following tables set forth our results of operations for the periods presented.

		Three Months		Nine Months Ended					
		Ended		September 30,					
		September 30,	2022	2023	2022				
(in thousands)									
Three Months									
Ended									
March 31,									
Three Months									
Ended									
March 31,									
Three Months									
Ended									
March 31,									
		2024		2024		2023			
		(in thousands)		(in thousands)		(in thousands)			
Revenue:	Revenue:								
Platform									
Platform									
Platform	Platform	\$ 57,261	\$ 46,357	\$ 163,235	\$ 132,361				
Professional services and other	Professional services and other	533	909	2,050	3,262				
Total revenue	Total revenue	57,794	47,266	165,285	135,623				
Cost of revenue:	Cost of revenue:								
Platform (1) (2)	Platform (1) (2)	22,203	14,114	59,537	38,341				
Professional services and other (1) (2)	Professional services and other (1) (2)	1,026	1,368	3,220	4,640				
Platform (1)	Platform (1)								
Platform (1)	Platform (1)								
Platform (1)	Platform (1)								

Professional services and other ⁽¹⁾					
Total cost of revenue	Total cost of revenue	23,229	15,482	62,757	42,981
Gross Profit	Gross Profit	34,565	31,784	102,528	92,642
Operating expenses:	Operating expenses:				
Research and development ⁽¹⁾					
(2)	18,035	19,391	56,806	54,123	
General and administrative ⁽¹⁾					
(2) (3)	21,307	20,295	56,986	54,047	
Sales and marketing ^{(1) (2)}	11,363	8,016	36,438	25,224	
Restructuring charges ⁽²⁾	166	—	6,848	—	
Research and development ⁽¹⁾					
Research and development ⁽¹⁾					
Research and development ⁽¹⁾					
General and administrative					
(1)					
Sales and marketing ⁽¹⁾					
Total operating expenses					
Total operating expenses					
Total operating expenses	Total operating expenses	50,871	47,702	157,078	133,394
Loss from operations	Loss from operations	(16,306)	(15,918)	(54,550)	(40,752)
Other income, net:	Other income, net:				
Interest income	Interest income	4,598	1,525	12,207	2,110
Interest income					
Interest income					
Interest expense	Interest expense	(43)	(70)	(165)	(116)
Other (expense) income	Other (expense) income	(1)	(7)	(1)	6
Other income, net					
Total other income, net	Total other income, net	4,554	1,448	12,041	2,000
Loss before income taxes	Loss before income taxes	(11,752)	(14,470)	(42,509)	(38,752)
Provision (benefit) for income taxes		7	90	32	(1,010)
Provision for income taxes					
Net loss	Net loss	<u><u>\$(11,759)</u></u>	<u><u>\$(14,560)</u></u>	<u><u>\$(42,541)</u></u>	<u><u>\$(37,742)</u></u>

(1) The following reclassifications were made to conform the prior year periods presented to the current year presentation:

- For the three months ended September 30, 2022, \$0.6 million was reclassified from general and administrative expense as follows: \$0.2 million into platform cost of revenue, \$0.1 million into sales and marketing expenses, and \$0.3 million into research and development expenses.
- For the nine months ended September 30, 2022, \$2.0 million was reclassified from general and administrative expense as follows: \$0.6 million into platform cost of revenue, \$0.1 million into professional services and other cost of revenue, \$0.3 million into sales and marketing expenses, and \$1.0 million into research and development expenses.

Such reclassifications had no effect on previously reported operating loss, net loss, or accumulated deficit. See "Note 2—Significant Accounting Policies" to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information on the reclassifications.

(2) Includes stock-based compensation expense as follows (in thousands):

	Three Months Ended				Nine Months Ended			
	September 30,				September 30,			
	2023	2022	2023	2022	2023	2022	2023	2022
Cost of revenue - platform	\$ 1,661	\$ 1,367	\$ 5,159	\$ 4,269				
Cost of revenue - professional services and other	165	167	528	565				
Research and development	3,628	3,571	11,730	10,382				
General and administrative	5,506	5,442	16,093	15,567				
Sales and marketing	1,553	1,372	6,103	4,321				
Restructuring charges	—	—	1,728	—				
Total stock-based compensation expense	\$ 12,513	\$ 11,919	\$ 41,341	\$ 35,104				

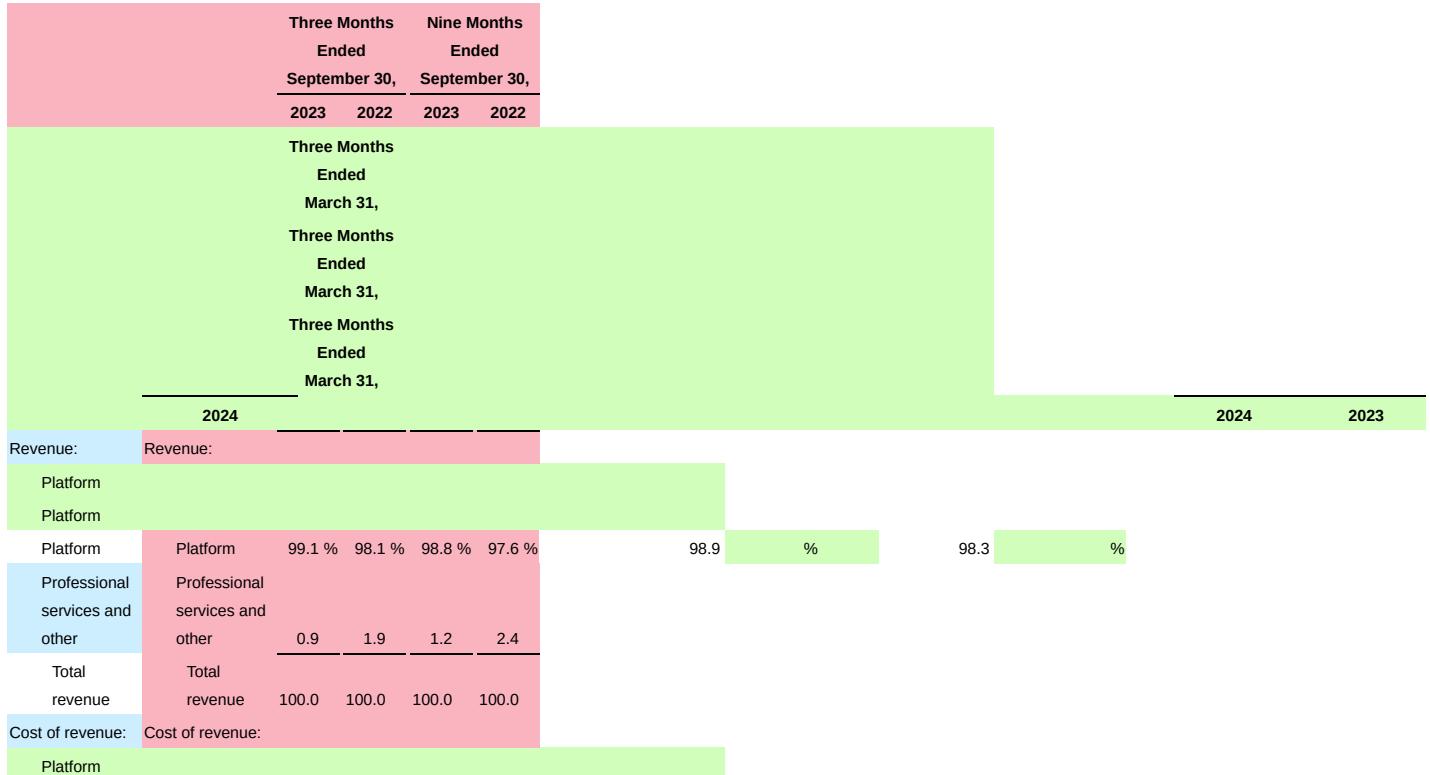
(3) Includes charitable donation expense of \$1.1 million for both the three and nine months ended September 30, 2023. Also includes \$1.4 million of charitable donation expense for both the three and nine months ended September 30, 2022.

	Three Months Ended			
	September 30,		March 31,	
	2024	2023	2024	2023
Cost of revenue - platform	\$ 1,511	\$ 1,825		
Cost of revenue - professional services and other	125	191		
Research and development	3,021	4,547		
General and administrative	4,680	4,987		
Sales and marketing	1,503	2,494		
Total stock-based compensation expense	\$ 10,840	\$ 14,044		

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The following table sets forth our statements of operations data expressed as a percentage of total revenue for the periods presented:



Platform					
Platform	Platform	38.4	29.9	36.0	28.3
Professional services and other	Professional services and other	1.8	2.9	1.9	3.4
Total cost of revenue	Total cost of revenue	40.2	32.8	38.0	31.7
Gross Profit	Gross Profit	59.8	67.2	62.0	68.3
Operating expenses:	Operating expenses:				
Research and development	Research and development	31.2	41.0	34.4	39.9
Research and development					
Research and development	Research and development				
General and administrative	General and administrative	36.9	42.9	34.5	39.9
Sales and marketing	Sales and marketing	19.7	17.0	22.0	18.6
Restructuring charges		0.3	0.0	4.1	0.0
Total operating expenses					
Total operating expenses					
Total operating expenses	Total operating expenses	88.0	100.9	95.0	98.4
Loss from operations	Loss from operations	(28.2)	(33.7)	(33.0)	(30.0)
Other income, net:	Other income, net:				
Interest income	Interest income	8.0	3.2	7.4	1.6
Interest income					
Interest income	Interest income				
Interest expense	Interest expense	(0.1)	(0.1)	(0.1)	(0.1)
Other expense (income)		0.0	0.0	0.0	0.0
Other income, net	Other income, net				
Total other income, net	Total other income, net	7.9	3.1	7.3	1.5
Loss before income taxes	Loss before income taxes	(20.3)	(30.6)	(25.7)	(28.6)
Provision (benefit) for income taxes		0.0	0.2	0.0	(0.7)
Provision for income taxes	Provision for income taxes				
Net loss	Net loss	(20.3)%	(30.8)%	(25.7)%	(27.8)%
				Net loss	(3.5) %
					(26.2) %

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Comparison of the Three Months Ended **September 30, 2023** **March 31, 2024** and **2022** **2023**

Revenue

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Three Months Ended September 30,					
		Change			
2023		2022		\$	%
(in thousands, except percentages)					

Revenue:	Three Months Ended March 31,						Three Months Ended March 31,						Change			
	2024			2023			2024			2023						
	(in thousands, except percentages)						(in thousands, except percentages)									
Revenue:	Revenue:															
Platform																
Platform	Platform	\$ 57,261	\$ 46,357	\$ 10,904	23.5 %	\$ 65,765	\$	\$ 51,371	\$	\$ 14,394	28.0	\$ 28.0	\$	%		
Professional services and other	Professional services and other	533	909	(376)	(41.4)											
Total Revenue	Total Revenue	\$ 57,794	\$ 47,266	\$ 10,528	22.3 %	\$ 66,511	\$	\$ 52,240	\$	\$ 14,271	27.3	\$ 27.3	\$	%		

Platform

Total platform revenue increased \$10.9 million, \$14.4 million, or 23.5% 28.0%, to \$57.3 million \$65.8 million for the three months ended September 30, 2023 March 31, 2024 from \$46.4 million \$51.4 million for the three months ended September 30, 2022 March 31, 2023. This increase was primarily the result of increases in Olo Pay adoption, combined with higher Order revenue from new customers and increases in Engage utilization among our existing customer base, higher transaction volume. Average revenue per unit increased to approximately \$742 \$816 for the three months ended September 30, 2023 March 31, 2024 from approximately \$558 \$632 for the three months ended September 30, 2022 March 31, 2023. For the three months ended September 30, 2023 March 31, 2024 and 2022, 43.9% 2023, 39.1% and 51.6% 47.6% of our platform revenue was subscription revenue, respectively, and 56.1% 60.9% and 48.4% was 52.4% was transaction revenue, respectively. Active locations decreased increased to approximately 78,000 81,000 as of September 30, 2023 March 31, 2024 from approximately 84,000 76,000 as of September 30, 2022 as a result of the previously announced transition of Subway off of the platform. March 31, 2023.

Professional Services and Other

Total professional services and other revenue decreased \$0.4 million, \$0.1 million, or 41.4% 14.2%, to \$0.5 million \$0.7 million for the three months ended September 30, 2023 March 31, 2024 from \$0.9 million \$0.9 million for the three months ended September 30, 2022. This decrease was driven by: (i) a decrease in affiliate revenue due to the expiration of a certain referral agreement contract and (ii) a combination of macroeconomic factors such as March 31, 2023, as labor shortages, which have delayed certain deployments due to their impact on restaurant customers at both the operator and brand levels. Additionally, our efforts to upsell additional platform solutions to existing customers who have already been deployed on our platform drive have driven platform revenue growth, rather than growth in professional services and other revenue.

Cost of Revenue, Gross Profit, and Gross Margin

Cost of revenues:	Three Months Ended September 30,						Three Months Ended March 31,						Change			
			Change						Change							
	2023		2022		\$	%	2024		2023		\$	%				
(in thousands, except percentages)																
Cost of revenues:	Cost of revenues:															
Platform																
Platform	Platform	\$ 22,203	\$ 14,114	\$ 8,089	57.3 %	\$ 28,328	\$	\$ 17,613	\$	\$ 10,715	60.8	\$ 60.8	\$	%		
Professional services and other	Professional services and other	1,026	1,368	(342)	(25.0)											

Total cost of revenue	Total cost of revenue	\$23,229	\$15,482	\$7,747	50.0 %	Total cost of revenue	\$29,303	\$	\$18,749	\$	\$10,554	56.3	56.3 %
Percentage of revenue:	Percentage of revenue:												
Platform	Platform	38.4 %	29.9 %										
Platform													
Platform													
Professional services and other													
Professional services and other													
Professional services and other	Professional services and other	1.8	2.9										
Total cost of revenue	Total cost of revenue	40.2 %	32.8 %										
Total cost of revenue													
Gross Profit													
Gross Profit	Gross Profit	\$34,565	\$31,784	\$2,781	8.7 %	\$	37,208	\$	\$33,491	\$	\$3,717	11.1	11.1 %
Gross Margin	Gross Margin	59.8 %	67.2 %										

Platform

Total platform cost of revenue increased \$8.1 million \$10.7 million, or 57.3% 60.8%, to \$22.2 million \$28.3 million for the three months ended September 30, 2023 March 31, 2024 from \$14.1 million \$17.6 million for the three months ended September 30, 2022 March 31, 2023. This increase was primarily the result of higher

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of higher transaction processing costs associated with the increased adoption of Olo Pay. Also contributing to the increase were the costs from Pay and amortization of capitalized internal-use software and compensation costs, software.

Professional Services and Other

Total professional services and other cost of revenue decreased \$0.3 million \$0.2 million, or 25.0% 14.2%, to \$1.0 million for the three months ended September 30, 2023 March 31, 2024 from \$1.4 million \$1.1 million for the three months ended September 30, 2022 March 31, 2023. This decrease was primarily the result of reduced compensation costs due to decreased headcount, combined with a during the three months ended March 31, 2024 stemming from our workforce reduction in 2023 and third party consulting costs.

Gross Profit

Gross profit increased \$2.8 million \$3.7 million to \$34.6 million \$37.2 million for the three months ended September 30, 2023 March 31, 2024, from \$31.8 million \$33.5 million for the three months ended September 30, 2022 March 31, 2023. Gross margin decreased to 59.8% 55.9% for the three months ended September 30, 2023 March 31, 2024 from 67.2% 64.1% for the three months ended September 30, 2022 March 31, 2023. The increase in gross profit was due to an increase in platform revenue, as discussed above. The decrease in gross margin as a percentage of revenue was driven by higher transaction processing and compensation costs associated with the increased adoption of Olo Pay adoption, higher platform and other compensation costs to support growth in transactions, and an increase in costs from amortization of capitalized internal-use software.

Operating Expenses

Research and Development

Three Months Ended			
September 30,		Change	
2023	2022	\$	%
(in thousands, except percentages)			

	Three Months Ended			Three Months Ended			Change				
	March 31,			March 31,							
	2024	2024	2023	2023			\$	%			
(in thousands, except percentages)											
Research and development	Research and development	\$ 18,035	\$ 19,391	\$(1,356)	(7.0)%	Research and development	\$ 16,999	\$ 20,473	\$ (3,474)	(17.0)	(17.0) %
Percentage of total revenue	Percentage of total revenue	31.2 %	41.0 %								

Research and development expense decreased \$1.4 million \$3.5 million, or 7.0% 17.0%, to \$18.0 million \$17.0 million for the three months ended September 30, 2023 March 31, 2024 from \$19.4 million \$20.5 million for the three months ended September 30, 2022 March 31, 2023. This decrease was primarily the result of lower reduced compensation costs subsequent to during the three months ended March 31, 2024 stemming from our corporate reorganization and workforce reduction in workforce, combined with an increase in capitalized internal-use software costs as we make further investments in our platform development and continued product innovation. Partially offsetting these decreases were 2023. This was partially offset by increases in website hosting costs. As a percentage of total revenue, research and development expenses decreased to 31.2% 25.6% for the three months ended September 30, 2023 March 31, 2024 from 41.0% 39.2% for the three months ended September 30, 2022 March 31, 2023.

General and Administrative

	Three Months Ended			Three Months Ended			Change	
	September 30,			September 30,				
	2023	2022	\$	2023	2022	\$	%	
(in thousands, except percentages)								
Three Months Ended								
	March 31,							
	2024							
(in thousands, except percentages)								
General and administrative	General and administrative	\$ 21,307	\$ 20,295	\$ 1,012	5.0	General and administrative		
Percentage of total revenue	Percentage of total revenue	36.9 %	42.9 %					

General and administrative expense increased \$1.0 million decreased \$4.5 million, or 5.0% 25.9%, to \$21.3 million \$12.8 million for the three months ended September 30, 2023 March 31, 2024 from \$20.3 million \$17.2 million for the three months ended September 30, 2022 March 31, 2023. This increase decrease was primarily driven by higher litigation-related expenses recorded during the three months ended March 31, 2023 and the impact of a result partial insurance recovery during the three months ended March 31, 2024 of an increase in certain litigation-related expenses. Partially offsetting this increase was the absence in 2023 of the impairment expense recognized in 2022 associated with the sublease expenses previously incurred related to that matter. Refer to "Note 10—Commitments and Contingencies" of our former corporate headquarters and lower condensed consolidated financial statements included in Item 1 of this Quarterly Report on Form 10-Q for additional information. Also contributing to the decrease was reduced compensation costs subsequent to during the three months ended March 31, 2024 stemming from our corporate reorganization and workforce reduction in workforce, 2023. As a percentage of total revenue, general and administrative expenses decreased to 36.9% 19.2% for the three months ended September 30, 2023 March 31, 2024 from 42.9% 32.9% for the three months ended September 30, 2022 March 31, 2023.

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Sales and Marketing

	Three Months Ended			Three Months Ended			Change	
	September 30,			September 30,				
	2023	2022	\$	2023	2022	\$	%	
(in thousands, except percentages)								
Three Months Ended								
	March 31,							
	2024							
(in thousands, except percentages)								

Sales and marketing	Sales and marketing	\$ 11,363	\$ 8,016	\$ 3,347	41.8	% and marketing
Percentage of total revenue	Percentage of total revenue	19.7	%	17.0	%	

Sales and marketing expense increased \$3.3 million \$1.7 million, or 41.8% 13.4%, to \$11.4 million \$14.6 million for the three months ended September 30, 2023 March 31, 2024 from \$8.0 million \$12.9 million for the three months ended September 30, 2022 March 31, 2023. This increase was primarily the result of additional compensation costs, including commission costs, due to an increase in sales and marketing headcount. As a percentage of total revenue, sales and marketing expense increased decreased to 19.7% 22.0% for the three months ended September 30, 2023 March 31, 2024 from 17.0% 24.7% for the three months ended September 30, 2022 March 31, 2023.

Restructuring Charges

	Three Months Ended			Change	
	September 30,			\$	%
	2023	2022			
(in thousands, except percentages)					
Restructuring charges	\$ 166	\$ —		\$ 166	Not meaningful
Percentage of total revenue	0.3 %	— %			

Restructuring charges were \$0.2 million for the three months ended September 30, 2023 and are comprised of severance costs. These charges were incurred as a result of our completed corporate reorganization in the second quarter of 2023, which entailed a reduction of our workforce.

Other Income, Net

	Three Months Ended			Change				
	September 30,			\$	%			
	2023	2022						
(in thousands, except percentages)								
Three Months Ended								
March 31,		March 31,		Change				
2024		2024		\$				
(in thousands, except percentages)								
Other income, net:	Other income, net:							
Interest income								
Interest income								
Interest income	Interest income	\$ 4,598	\$ 1,525	\$ 3,073	201.5 %			
Interest income				\$ 4,907				
Percentage of total revenue	Percentage of total revenue	8.0 %	3.2 %					
Interest expense	Interest expense	\$ (43)	\$ (70)	\$ 27	(38.6) %			
Interest expense								
Interest expense								
Interest expense		\$ (69)		\$ (69)				
Interest expense				\$ —				
Percentage of total revenue	Percentage of total revenue	(0.1) %	(0.1) %					
Other (expense) income		\$ (1)	\$ (7)	\$ 6	(85.7) %			
Other income, net								
Other income, net								
Other income, net		\$ 3		\$ —				
Percentage of total revenue	Percentage of total revenue	— %	— %					
Total other income, net	Total other income, net	\$ 4,554	\$ 1,448	\$ 3,106	214.5 %			
Total other income, net								
Total other income, net		\$ 4,841		\$ 3,385				
Total other income, net				\$ 1,456				
					43.0 %			

Percentage of total revenue	Percentage of total revenue	7.9 %	3.1 %
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Other income for the three months ended **September 30, 2023** **March 31, 2024** was primarily driven by income earned on our investments and money-market funds. The increase in interest income for the three months ended **September 30, 2023** **March 31, 2024** as compared to the three months ended **September 30, 2022** **March 31, 2023** is primarily driven by an increase in amounts invested and an increase in interest rates.

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Provision for Income Taxes

		Three Months Ended September 30,		Change		
		2023	2022	\$	%	
(in thousands, except percentages)						
		Three Months Ended March 31,			Provision % for income taxes	
		2024				
(in thousands, except percentages)						
Provision for income taxes	Provision for income taxes	\$ 7	\$ 90	\$ (83)	(92.2)	
Percentage of total revenue	Percentage of total revenue	—	%	0.2	%	

Provision for income taxes for the three months ended **September 30, 2023** **March 31, 2024** primarily consists of state income taxes. We maintain a full valuation allowance on our net federal and state deferred tax assets as we have concluded that it is more likely than not that the deferred tax assets will not be realized.

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Comparison of the Nine Months Ended September 30, 2023 and 2022

Revenue

Revenue:	Nine Months Ended September 30,		Change	
	2023	2022	\$	%
	(in thousands, except percentages)			
Platform	\$ 163,235	\$ 132,361	\$ 30,874	23.3 %
Professional services and other	2,050	3,262	(1,212)	(37.2)
Total Revenue	\$ 165,285	\$ 135,623	\$ 29,662	21.9 %

Platform

Total platform revenue increased \$30.9 million, or 23.3%, to \$163.2 million for the nine months ended September 30, 2023 from \$132.4 million for the nine months ended September 30, 2022. This increase was primarily the result of increases in Olo Pay adoption, higher Order revenue from new customers, and increases in Engage utilization among our existing customer base. Average revenue per unit increased to approximately \$2,128 for the nine months ended September 30, 2023 from approximately \$1,622 for the nine months ended September 30, 2022. For the nine months ended September 30, 2023 and 2022, 45.7% and 51.2% of our platform revenue was subscription revenue, respectively, and 54.3% and 48.8% was transaction revenue, respectively. Active locations decreased to approximately 78,000 as of September 30, 2023 from approximately 84,000 as of September 30, 2022 as a result of the previously announced transition of Subway off of the platform.

Professional Services and Other

Total professional services and other revenue decreased \$1.2 million, or 37.2%, to \$2.1 million for the nine months ended September 30, 2023 from \$3.3 million for the nine months ended September 30, 2022. This increase was driven by a combination of macroeconomic factors such as labor shortages, which have delayed certain deployments due to their impact on restaurant customers at both the operator and brand levels. Additionally, our efforts to upsell additional platform solutions to existing customers who have already been deployed on our platform drive platform revenue growth, rather than growth in professional services and other revenue.

Cost of Revenue, Gross Profit, and Gross Margin

	Nine Months Ended		Change	
	September 30,			
	2023	2022	\$	%
(in thousands, except percentages)				
Cost of revenues:				
Platform	\$ 59,537	\$ 38,341	\$ 21,196	55.3 %
Professional services and other	3,220	4,640	(1,420)	(30.6)
Total cost of revenue	\$ 62,757	\$ 42,981	\$ 19,776	46.0 %
Percentage of revenue:				
Platform	36.0 %	28.3 %		
Professional services and other	1.9	3.4		
Total cost of revenue	38.0 %	31.7 %		
Gross Profit	\$ 102,528	\$ 92,642	\$ 9,886	10.7 %
Gross Margin	62.0 %	68.3 %		

Platform

Total platform cost of revenue increased \$21.2 million, or 55.3%, to \$59.5 million for the nine months ended September 30, 2023 from \$38.3 million for the nine months ended September 30, 2022. This increase was primarily the result

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of higher processing costs associated with the increased adoption of Olo Pay. Also contributing to the increase were the costs from amortization of capitalized internal-use software and compensation costs.

Professional Services and Other

Total professional services and other cost of revenue decreased \$1.4 million, or 30.6%, to \$3.2 million for the nine months ended September 30, 2023 from \$4.6 million for the nine months ended September 30, 2022. This decrease was primarily the result of reduced compensation costs due to decreased headcount, combined with a reduction in third party consulting costs.

Gross Profit

Gross profit increased \$9.9 million to \$102.5 million for the nine months ended September 30, 2023, from \$92.6 million for the nine months ended September 30, 2022. Gross margin decreased to 62.0% for the nine months ended September 30, 2023 from 68.3% for the nine months ended September 30, 2022. The increase in gross profit was due to an increase in platform revenue, as discussed above. The decrease in gross margin as a percentage of revenue was driven by higher processing and compensation costs associated with the increased adoption of Olo Pay, higher platform and other compensation costs to support growth in transactions, and an increase in costs from amortization of capitalized internal-use software.

Operating Expenses

Research and Development

	Nine Months Ended		Change	
	September 30,			
	2023	2022	\$	%
(in thousands, except percentages)				
Research and development	\$ 56,806	\$ 54,123	\$ 2,683	5.0 %
Percentage of total revenue	34.4 %	39.9 %		

Research and development expense increased \$2.7 million, or 5.0%, to \$56.8 million for the nine months ended September 30, 2023 from \$54.1 million for the nine months ended September 30, 2022. This increase was primarily the result of higher compensation costs associated with additional personnel prior to our reduction in workforce and increases in website hosting costs. As a percentage of total revenue, research and development expenses decreased to 34.4% for the nine months ended September 30, 2023 from 39.9% for the nine months ended September 30, 2022.

General and Administrative

	Nine Months Ended			Change	
	September 30,		\$	%	
	2023	2022			
(in thousands, except percentages)					
General and administrative	\$ 56,986	\$ 54,047	\$ 2,939	5.4 %	
Percentage of total revenue	34.5 %	39.9 %			

General and administrative expense increased \$2.9 million, or 5.4%, to \$57.0 million for the nine months ended September 30, 2023 from \$54.0 million for the nine months ended September 30, 2022. This increase was primarily a result of an increase in certain litigation-related expenses. Partially offsetting this increase was the absence in 2023 of the impairment expense recognized in 2022 associated with the sublease of our former corporate headquarters and lower compensation costs subsequent to our corporate reorganization and reduction in workforce. As a percentage of total revenue, general and administrative expenses decreased to 34.5% for the nine months ended September 30, 2023 from 39.9% for the nine months ended September 30, 2022.

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Sales and Marketing

	Nine Months Ended			Change	
	September 30,		\$	%	
	2023	2022			
(in thousands, except percentages)					
Sales and marketing	\$ 36,438	\$ 25,224	\$ 11,214	44.5 %	
Percentage of total revenue	22.0 %	18.6 %			

Sales and marketing expense increased \$11.2 million, or 44.5%, to \$36.4 million for the nine months ended September 30, 2023 from \$25.2 million for the nine months ended September 30, 2022. This increase was primarily the result of additional compensation costs, including commission costs, due to an increase in sales and marketing headcount. As a percentage of total revenue, sales and marketing expense increased to 22.0% for the nine months ended September 30, 2023 from 18.6% for the nine months ended September 30, 2022.

Restructuring Charges

	Nine Months Ended			Change	
	September 30,		\$	%	
	2023	2022			
(in thousands, except percentages)					
Restructuring charges	\$ 6,848	\$ —	\$ 6,848	Not meaningful	
Percentage of total revenue	4.1 %	— %			

Restructuring charges were \$6.8 million for the nine months ended September 30, 2023 and are comprised of severance costs, payroll taxes, and stock-based compensation expense associated with the accelerated vesting of equity awards. These charges were incurred as a result of our completed corporate reorganization in the second quarter of 2023, which entailed a reduction of workforce.

Other Income, Net

	Nine Months Ended			Change	
	September 30,		\$	%	
	2023	2022			
(in thousands, except percentages)					
Other income, net:					
Interest income	\$ 12,207	\$ 2,110	\$ 10,097	478.5 %	
Percentage of total revenue	7.4 %	3.2 %			

Interest expense	\$	(165)	\$	(116)	\$	(49)	42.2 %
Percentage of total revenue		(0.1)%		(0.1)%			
Other (expense) income	\$	(1)	\$	6	\$	(7)	(116.7)%
Percentage of total revenue		— %		— %			
Total other income, net	\$	<u>12,041</u>	\$	<u>2,000</u>	\$	<u>10,041</u>	502.1 %
Percentage of total revenue		7.3 %		1.5 %			

Other income for the nine months ended September 30, 2023 was primarily driven by income earned on our investments and money-market funds. The increase in interest income for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022 is primarily driven by an increase amounts invested and an increase in interest rates.

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Provision (Benefit) for Income Taxes

	Nine Months Ended		Change	
	September 30,		\$	%
	2023	2022		
(in thousands, except percentages)				
Provision (benefit) for income taxes	\$ 32	\$ (1,010)	\$ 1,042	(103.2)%
Percentage of total revenue	— %	(0.7)%		

Provision for income taxes for the nine months ended September 30, 2023 primarily consists of state income taxes. We maintain a full valuation allowance on our net federal and state deferred tax assets as we have concluded that it is more likely than not that the deferred tax assets will not be realized.

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Liquidity and Capital Resources

General

As of **September 30, 2023** **March 31, 2024**, our principal sources of liquidity were cash and cash equivalents and short-term and long-term investments in marketable securities, totaling **\$397.6** **\$377.4** million, which was held for working capital purposes and to fund repurchases of our Class A common stock (as described more fully below), as well as the available balance of our revolving line of credit, described further below.

We have financed our operations primarily through payments received from customers and sales of our equity securities.

On September 7, 2022, the Board of Directors authorized a program to repurchase up to \$100 million of our Class A common stock, or the Stock Buyback Program. Under the Stock Buyback Program, shares of our Class A common stock may be repurchased from time to time on a discretionary basis through open market repurchases, privately negotiated transactions, block purchases or other means, and will be structured to occur in compliance with applicable securities laws. The timing and actual number of shares repurchased are determined by a committee established by the Board of Directors, depending on a variety of factors, including the Class A common stock price, trading volume, market conditions, our cash flow and liquidity profile, the capital needs of the business, and other considerations. We expect to fund repurchases with existing cash on hand. The Stock Buyback Program has no expiration date and may be modified, suspended, or terminated at any time by the Board of Directors at its discretion. During the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, we repurchased 2,799,891 shares of our Class A common stock for approximately **\$43.1** **\$15.3** million under the Stock Buyback Program. As of March 31, 2024, approximately \$6.9 million remained available under the Stock Buyback Program, all of which was utilized in the second quarter of 2024, completing the Stock Buyback Program.

On April 30, 2024, the Board of Directors authorized a program to repurchase up to \$100 million of our Class A common stock, or the 2024 Buyback Program. We completed our prior Stock Buyback Program in the second quarter of 2024. Under the 2024 Buyback Program, we may repurchase shares of our Class A common stock from time to time on a discretionary basis through open market repurchases, privately negotiated transactions, block purchases or other means, and such repurchases will be structured to occur in compliance with applicable securities laws. The timing and actual number of shares repurchased will be determined by the Board of Directors or a committee established by the Board of Directors, depending on a variety of factors, including the Class A common stock price, trading volume, market conditions, our cash flow and liquidity profile, the capital needs of the business, and other considerations. We expect to fund repurchases with existing cash on hand. The 2024 Buyback Program has no expiration date and may be modified, suspended, or terminated at any time by the Board of Directors at its discretion.

We believe our existing cash and cash equivalents, marketable securities, and amounts available under our outstanding credit facility will be sufficient to support our working capital and capital expenditure requirements for at least the next twelve months and thereafter for the foreseeable future. Our future capital requirements will depend on many factors, including, but not limited to, our obligation to repay any balance under our credit facility if we were to borrow against the facility in the future, our platform revenue growth rate, receivable and payable cycles, and the timing and extent of investments in research and development, sales and marketing, and general and administrative expenses.

Credit Facility

As of **September 30, 2023** **March 31, 2024**, we had \$43.6 million of commitments available under the Second Amended and Restated Loan and Security Agreement with Pacific Western Bank (now known as Banc of California) related to a revolving credit and term loan facility, after consideration of \$25.0 million in our letter of credit to DoorDash, Inc. ("DoorDash") and \$1.4 million in our letter of credit on the lease of our former corporate headquarters at One World Trade Center. As of **September 30, 2023** **March 31, 2024**, we had no outstanding borrowings under the line of credit, and no amounts have been drawn against any of our letters of credit. The \$25.0 million letter of credit to DoorDash expired on March 31, 2024 and was not renewed, as per the terms of the Third Amendment to the Restated Delivery Network Agreement between us and DoorDash, which became effective on March 30, 2024.

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Cash Flows

The following table summarizes our cash flows for the periods presented:

	Nine Months Ended	
	September 30,	
	2023	2022
(in thousands)		
Net cash (used in) provided by operating activities	\$ (12,383)	\$ 2,398
Net cash used in investing activities	\$ (18,369)	\$ (159,310)
Net cash (used in) provided by financing activities	\$ (32,920)	\$ 8,866

	Three Months Ended	
	March 31,	
	2024	2023
(in thousands)		
Net cash provided by operating activities	\$ 6,027	\$ 7,247
Net cash used in investing activities	\$ (11,016)	\$ (8,095)
Net cash used in financing activities	\$ (14,144)	\$ (17,744)

Operating Activities

For the **nine** three months ended **September 30, 2023** **March 31, 2024**, net cash used in provided by operating activities was **\$12.4 million** **\$6.0 million**, primarily due to net loss of **\$42.5 million** **\$2.4 million** adjusted for non-cash charges of **\$51.5 million** **\$15.5 million** and a net decrease attributable to our operating assets and liabilities of **\$21.3 million** **\$7.1 million**. The non-cash adjustments primarily relate to stock-based compensation charges of **\$41.3 million** **\$10.8 million** and depreciation and amortization expense of **\$7.3 million**, and a charge related to a charitable donor-advised fund of **\$1.1 million** **\$3.1 million**. The net decrease attributable to our operating assets and liabilities was primarily driven by an increase in accounts receivable of **\$23.6 million** **\$3.6 million** due primarily to **higher days sales outstanding** **timing of collections** and a decrease in accounts payable of **\$2.5 million** due to the timing of payments to vendors.

For the three months ended March 31, 2023, net cash provided by operating activities was \$7.2 million, primarily due to a net loss of \$13.7 million adjusted for the period, non-cash charges of \$17.0 million, and a net increase attributable to our operating assets and liabilities of \$4.0 million. The non-cash adjustments primarily related to stock-based compensation charges of \$14.0 million and depreciation and amortization expense of \$2.1 million. The net increase attributable to our operating assets and liabilities was primarily driven in part by a change in billing.

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timing. This was partially offset by an increase in accrued expenses and other current liabilities of **\$7.2** **\$9.1** million related primarily to higher fees owed to delivery service providers and a liability related to cash received on behalf of the subtenant of our former corporate headquarters at One World Trade Center in advance of certain future rental obligations that will be due from the subtenant.

For the nine months ended September 30, 2022, net cash provided by operating activities was \$2.4 million, primarily due to a net loss of \$37.7 million adjusted for non-cash charges of \$43.6 million, vendors as well as professional and consulting fees. These increases were partially offset by a net decrease attributable to our operating assets and an increase in accounts receivable of \$3.0 million and liabilities of \$3.4 million. The non-cash adjustments primarily related to stock-based compensation charges of \$35.1 million, depreciation and amortization expense of \$4.3 million, non-cash impairment charges of \$2.8 million, and a charge related to a charitable donor-advised fund of \$1.4 million. The net decrease attributable to our operating assets and liabilities was primarily driven by a decrease in operating lease liabilities of \$1.9 million due to payments on our leases, a decrease in unearned revenue of \$0.6 million due to the timing of payment from customers and revenue recognition, increases in contract assets and deferred contract costs of **\$0.6 million** **\$1.3 million** primarily due to growth of our revenue and an increase as well as a decrease in prepaid expenses and accounts payable of \$0.4 million, primarily attributable to increased prepayments for software licensing fees. **\$1.2 million**.

Investing Activities

Cash used in investing activities was **\$18.4 million** **\$11.0 million** during the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, primarily due to **\$8.3** **\$7.8 million** of net purchases of investments and **\$10.0 million** **\$3.1 million** for the development of capitalized internal-use software to support further product development.

Cash used in investing activities was **\$159.3 million** **\$8.1 million** during the **nine** **three** months ended **September 30, 2022** **March 31, 2023**, primarily due to **\$102.6 million** **\$4.7 million** of net purchases of investments **\$49.2 million** to acquire Omnivore, and **\$7.5 million** **\$3.4 million** for the development of capitalized internal-use software and purchases of computer and office equipment to support further product development, development and to expand our employee base to support our operations.

Financing Activities

Cash used by financing activities was **\$32.9 million** **\$14.1 million** during the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, primarily driven by **\$43.1 million** **\$15.3 million** of stock repurchases under the Stock Buyback Program, partially offset by **\$10.2 million** **\$1.1 million** of net proceeds from the exercise of stock options and purchases under our employee stock purchase plan options.

Cash provided used by financing activities was **\$8.9 million** **\$17.7 million** during the **nine** **three** months ended **September 30, 2022** **March 31, 2023**, primarily driven by **\$20.1 million** of stock repurchases under the Stock Buyback Program, partially offset by **\$1.9 million** of net proceeds from the exercise of stock options and purchases under our employee stock purchase plan options.

Material Cash Requirements

There were no material changes in our material cash requirements during the **nine** **three** months ended **September 30, 2023** **March 31, 2024** from the obligations and commitments disclosed in our Annual Report on Form 10-K filed with the SEC on **February 24, 2023** **February 21, 2024**. See "Note 11—Leases" and "Note 16—Commitments and Contingencies" of the Notes to Consolidated Financial Statements included in Part II, Item 8 of our Annual Report on Form 10-K, as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" included in Part II, Item 8 of our Annual Report on Form 10-K, for additional information regarding our material cash requirements.

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Certain Non-GAAP Financial Measures

We report our financial results in accordance with accounting principles generally accepted in the United States, or GAAP. To supplement our financial statements, we provide investors with non-GAAP operating income and free cash flow, each of which is a non-GAAP financial measure, and certain key performance indicators, including GMV, GPV, net revenue retention, average revenue per unit, and active locations.

Management uses these non-GAAP financial measures and key performance indicators, in conjunction with financial measures prepared in accordance with GAAP for planning purposes, including in the preparation of our annual operating budget, as a measure of our core operating results and the effectiveness of our business strategy, and in evaluating our financial performance. These measures provide consistency and comparability with past financial performance as measured by such non-GAAP figures, facilitate period-to-period comparisons of core operating results, and assist shareholders in better evaluating us by presenting period-over-period operating results without the effect of certain charges or benefits that may not be consistent or comparable across periods or compared to other registrants' similarly named non-GAAP financial measures and key performance indicators.

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We adjust our GAAP financial measures for the following items to calculate non-GAAP operating income and non-GAAP operating margin: stock-based compensation expense (non-cash expense calculated by companies using a variety of valuation methodologies and subjective assumptions) and related payroll tax expense, equity expense

related to charitable contributions of our Class A common stock (non-cash expense), certain litigation-related expenses, net of recoveries (which consist of relate to legal and other professional fees associated with litigation-related matters which that are not indicative of Old's our core operations and are not part of our normal course of business), costs and impairment charges associated with the sublease of our former corporate headquarters, loss on disposal of assets, non-cash capitalized internal-use software impairment, capitalized internal-use software and intangible amortization (non-cash expense), restructuring charges, certain severance costs, and transaction costs (typically incurred within one year of the related acquisition). Management believes that it is useful to exclude certain non-cash charges and non-core operational charges from our non-GAAP financial measures because: (1) the amount of such expenses in any specific period may not directly correlate to the underlying performance of our business operations and we believe does not relate to ongoing operational performance; and (2) such expenses can vary significantly between periods.

Free cash flow represents net cash provided by or used in operating activities, reduced by purchases of property and equipment and capitalization of internal-use software. Free cash flow is a measure used by management to understand and evaluate our liquidity and to generate future operating plans. Free cash flow excludes items that we do not consider to be indicative of our liquidity and facilitates comparisons of our liquidity on a period-to-period basis. Management believes providing free cash flow provides useful information to investors and others in understanding and evaluating the strength of our liquidity and future ability to generate cash that can be used for strategic opportunities or investing in our business from the perspective of our management and Board of Directors.

Our use of non-GAAP financial measures and key performance indicators has limitations as an analytical tool, and these measures should not be considered in isolation or as a substitute for analysis of financial results as reported under GAAP. Because our non-GAAP financial measures and key performance indicators are not calculated in accordance with GAAP, they may not necessarily be comparable to similarly titled measures employed by other companies.

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Reconciliation of Non-GAAP Operating Income to GAAP Operating (Loss) Income Loss

The following table presents a reconciliation of non-GAAP operating income to GAAP operating (loss) income, loss, the most directly comparable GAAP measure, for the following periods:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands, except percentages)			
Operating income (loss) reconciliation:				
Operating loss, GAAP	\$ (16,306)	\$ (15,918)	\$ (54,550)	\$ (40,752)
Plus: Stock-based compensation expense and related payroll tax expense	13,012	12,106	41,004	35,824
Plus: Charitable donation of Class A common stock	1,136	1,406	1,136	1,406
Plus: Certain litigation-related expenses	4,944	—	8,803	—
Plus: Costs and impairment charge associated with sublease of former corporate headquarters	—	3,272	—	3,272
Plus: Loss on disposal of assets	—	—	38	—
Plus: Non-cash capitalized internal-use software impairment	—	—	—	475
Plus: Capitalized internal-use software and intangible amortization	2,726	1,513	6,965	3,838
Plus: Restructuring charges	166	—	6,848	—
Plus: Certain severance costs	—	623	830	1,178
Plus: Transaction costs	—	(19)	358	1,467
Operating income, non-GAAP	\$ 5,678	\$ 2,983	\$ 11,432	\$ 6,708
Percentage of revenue:				
Operating margin, GAAP	(28)%	(34)%	(33)%	(30)%
Operating margin, non-GAAP	10 %	6 %	7 %	5 %

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	Three Months Ended March 31,	
	2024	2023
	(in thousands, except percentages)	

Operating loss reconciliation:			
Operating loss, GAAP	\$ (7,160)	\$ (17,073)	
Plus: Stock-based compensation expense and related payroll tax expense	11,128	14,497	
Plus: Certain litigation-related expenses, net of recoveries	(1,372)	884	
Plus: Capitalized internal-use software and intangible amortization	3,021	2,032	
Plus: Certain severance costs	—	830	
Plus: Loss on disposal of assets	—	38	
Plus: Transaction costs	—	36	
Operating income, non-GAAP	\$ 5,617	\$ 1,244	
Percentage of revenue:			
Operating margin, GAAP	(11)%	(33)%	
Operating margin, non-GAAP	8 %	2 %	

Reconciliation of Non-GAAP Free Cash Flow to Net Cash (Used in) Provided by Operating Activities

The following table presents a reconciliation of free cash flow to net cash (used in) provided by operating activities, the most directly comparable GAAP measure, for each of the periods indicated:

	Three Months		Nine Months			
	Ended		Ended			
	September 30,	September 30,	2023	2022		
(in thousands)						
Net cash (used in) provided by operating activities	\$ (21,649)	\$ 3,268	\$ (12,383)	\$ 2,398		
	Three Months					
	Ended					
	March 31,					
	Three Months					
	Ended					
	March 31,					
	Three Months					
	Ended					
	March 31,					
	2024					
		2024				
			2023			
				(in thousands)		
Net cash provided by operating activities						
Purchase of property and equipment	Purchase of property and equipment	—	(45)	—	(454)	
Capitalized internal-use software	Capitalized internal-use software	(2,744)	(1,872)	(10,023)	(6,997)	
Non-GAAP free cash flow	Non-GAAP free cash flow	\$ (24,393)	\$ 1,351	\$ (22,406)	\$ (5,053)	

Critical Accounting Policies and Estimates

Our management's discussion and analysis of financial condition and results of operations are based upon our condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q. The preparation of our condensed consolidated financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, equity, revenue, expenses, and related disclosures. We base our estimates on past experience and other assumptions that we believe are reasonable under the circumstances, and we evaluate these estimates on an ongoing basis. Actual results may differ from those estimates.

There have been no material changes to our critical accounting policies and estimates during the **nine** **three** months ended **September 30, 2023** **March 31, 2024**, as compared to those disclosed under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies" in our Annual Report on Form 10-K filed with the SEC on **February 24, 2023** **February 21, 2024**.

Recent Accounting Pronouncements

See "Note 2—Significant Accounting Policies" to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for all recently issued standards impacting our condensed consolidated financial statements.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk.

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of exposure to potential changes in interest rates. We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure.

Interest Rate Risk

Our primary market risk exposure is changing interest rates in connection with our investments and the Second Amended and Restated Loan and Security Agreement with Pacific Western **Bank** (**now known as Banc of California**). Interest rate risk is highly sensitive due to many factors, including U.S. monetary and tax policies, U.S. and international economic factors, and other factors beyond our control.

As of **September 30, 2023** **March 31, 2024**, advances under the formula revolving line of the Second Amended and Restated Loan and Security Agreement bear interest equal to the greater of (A) the Prime Rate then in effect; or (B) 3.25%. As of **September 30, 2023** **March 31, 2024**, advances under the term loans bear interest equal to the greater of (A) 0.25% above the Prime Rate then in effect; or (B) 3.50%. As of **September 30, 2023** **March 31, 2024**, we had no outstanding **debt borrowings** under our credit facility.

Our interest-earning instruments also carry a degree of interest rate risk. Our cash and cash equivalents have a relatively short maturity, and are therefore relatively insensitive to interest rate changes. As of **September 30, 2023** **March 31, 2024**, we had cash and cash equivalents of **\$286.4 million** **\$259.1 million**. We invest in money market funds, U.S. and municipal government agency securities, corporate bonds and notes, certificates of deposit, and commercial paper. Our current investment policy seeks first to preserve principal, second to provide liquidity for our operating and capital needs, and third to maximize yield without putting our principal at risk. As of **September 30, 2023** **March 31, 2024**, we invested **\$173.5 million** **\$139.5 million** of our cash and cash equivalents in money market funds and **\$111.2 million** **\$118.3 million** in other securities, of which **\$90.4 million** **\$93.1 million** was classified as short-term. Because the majority of our investment portfolio is short-term in nature, we do not believe an immediate 10% increase in interest rates would have a material effect on the fair market value of our portfolio, and therefore we do not expect our results of operations or cash flows to be materially affected by a sudden change in market interest rates.

Foreign Currency Exchange Risks

Our revenue and costs are generally denominated in U.S. dollars and are not subject to foreign currency exchange risk. However, to the extent we commence generating revenue outside of the United States that is denominated in currencies other than the U.S. dollar, our results of operations could be impacted by changes in exchange rates. **We do not believe a** **A** hypothetical 10% strengthening or weakening in the value of the U.S. dollar relative to the foreign currencies in which our revenues and expenses are denominated would not result in a material impact to our **condensed** consolidated financial statements.

Inflation Risk

Inflation has remained at historically high levels in the U.S. and overseas, resulting in rising transportation, wages, and other costs. The primary inflation factors affecting our business are increased cost of labor and overhead costs. However, we do not believe that inflation has had a material effect on our business, results of operations, or financial condition. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, results of operations, and financial condition.

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Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, **has** evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the **Securities Exchange Act of 1934**, as amended, or **Exchange Act**), as of **September 30, 2023** **March 31, 2024**.

Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of **March 31, 2024**, our disclosure controls and procedures were **not** effective **to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed,**

summarized, and reported within the time periods specified in the SEC rules and forms and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as of September 30, 2023 due appropriate to the material weakness allow timely decisions regarding required disclosure.

Changes in our internal control over financial reporting described below under "Management's Report on Internal Control Over Financial Reporting."

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate "internal control over financial reporting," as defined in Rule 13a-15(f) of the Exchange Act. Our management conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2022 based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As a result, our management has concluded that our internal control over financial reporting was not effective at December 31, 2022, due to the material weakness in internal control over financial reporting.

We identified a material weakness in our internal control over financial reporting related to the lack of sufficient qualified personnel who possessed an appropriate level of technical expertise and we did not design and maintain effective controls over complex technical accounting matters. This material weakness was previously reported in the Registration Statement on Form S-1 in connection with the initial public offering and reported in the Annual Report on Form 10-K for the fiscal year ended December 31, 2021, and was updated, as necessary, as of December 31, 2022. A material weakness is a deficiency or combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our consolidated financial statements would not be prevented or detected on a timely basis. This material weakness could result in misstatements to our consolidated financial statements that would be material and would not be prevented or detected on a timely basis.

On March 4, 2022, we completed our acquisition of Omnivore (see "Note 5—Acquisitions" of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q). As the acquisition occurred during 2022, management excluded the acquisition from its assessment of internal control over financial reporting. As of the fiscal year ended December 31, 2022, the acquisition constituted 0.1% of our total assets (excluding goodwill and intangibles) and 2.8% of our total revenue.

Remediation Plans

Starting in 2021 and continuing through 2023, we have been actively engaged in the implementation of remediation efforts to address the material weakness. Specific remedial actions undertaken by management included, without limitation:

- Engaged external resources to assist with remediation efforts and internal control execution, as well as to provide additional training to existing personnel.
- Hired additional internal resources with appropriate knowledge and technical expertise to effectively operate financial close and reporting processes and controls over complex technical accounting matters.
- Enhanced the design of our existing controls over complex technical accounting matters.

The above controls need to operate for a sufficient period of time so that management can conclude that our controls are operating effectively. As such, the material weakness will not be considered remediated until management has concluded through additional testing that these controls are effective.

Changes in Internal Control over Financial Reporting

We are taking actions to remediate the material weakness relating to our internal control over financial reporting, as described above. Except as otherwise described herein, there were no changes in our internal control over financial reporting, as defined in connection with the evaluation required by Rule 13a-15 (d) Rules 13a-15(f) and 15d-15 (d) of 15d-15(f) under the Exchange Act, that occurred during the period

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covered by this Quarterly Report on Form 10-Q quarter ended March 31, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

A description of our legal proceedings is included in and incorporated by reference to "Note 10—Commitments and Contingencies" of the notes to our condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors.

Investing in our securities involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Quarterly Report on Form 10-Q, including our consolidated financial statements and related notes and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Operations" and our condensed consolidated financial statements and related notes, as well as in our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on February 24, 2023 February 21, 2024 and our other filings with the SEC, before making any investment decision with respect to our securities. The risks and uncertainties described below and in our other filings with the SEC, including our Annual Report on Form 10-K filed with the SEC on February 24, 2023 February 21, 2024, may not be the only ones we face. If any of the risks actually occur, our business could be materially and adversely affected. In that event, the market price of our Class A common stock could decline, and you could lose part or all of your investment.

The following description includes risk factors associated with our business previously disclosed in Part I, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, filed with the SEC on August 1, 2023 under the heading "Risk Factors" and new risk factors and material changes to risk factors associated with our business previously disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023, filed with the SEC on February 24, 2023 February 21, 2024, under the heading "Risk Factors."

Commercial Risks Related to Ownership of Our Class A Common Stock

Our sales cycles can be long. We may not realize the anticipated long-term stockholder value of our stock buyback programs, and unpredictable, any failure to repurchase our Class A common stock after we have announced our intention to do so may negatively impact our stock price. Share repurchases could also increase the volatility of our stock price and diminish our sales efforts require considerable investment of time and expense. If our sales cycle continues to lengthen, we invest substantial resources pursuing unsuccessful sales opportunities, or our customers do not timely onboard and deploy our modules, our operating results and growth would be harmed, cash reserves.

We have historically incurred significant costs and experienced long sales cycles when selling to customers. In the restaurant market segment, the decision to adopt our modules may require the approval of multiple technical and business decision makers, including security, compliance, operations, finance and treasury, marketing, and IT. In addition, before committing to deploy our modules at scale, restaurant customers often require extensive education about our modules and significant support time with our employees or pilot authorized stock buyback programs engage in protracted pricing negotiations, and seek to secure development resources.

Additionally, sales cycles for restaurant customers in general, and larger restaurants in particular, are inherently complex and unpredictable. These complex and resource intensive sales efforts could place additional strain on our development and engineering resources. Our standard contracts state that we will be the exclusive provider of digital ordering services to the restaurant brand, and the restaurant brand must use best efforts to ensure their operators also use Olo exclusively. However, not all of our contracts that we enter into with restaurant brands provide that we will be the exclusive provider of digital ordering services, as we have in the past and may authorize other stock buyback programs in the future agree to waive exclusivity for various reasons. We strive for exclusivity across all locations, but because operators are repurchase shares of our Class A common stock. On April 30, 2024, the Board of Directors authorized the 2024 Buyback Program. Such repurchases may be made from time to time on a discretionary basis through open market repurchases, privately negotiated transactions, block purchases, or other means, and will be structured to occur in compliance with applicable securities laws. The 2024 Buyback Program does not required have an expiration date or obligate us to use Olo, repurchase any specific dollar amount or acquire any specific number of shares. Further, the 2024 Buyback Program may be modified, suspended or terminated at any time by the Board of Directors at its discretion.

Any failure to repurchase our Class A common stock after we have announced our intention to do so may negatively impact our reputation and investor confidence in the past had us and may in the future have some locations of a restaurant brand choose not to use negatively impact our platform. Further, even after our restaurant brands contract to use our platform, individual locations may require extensive integration or deployment resources from us before they become active locations, which have at times extended to multiple quarterly periods following the execution of an agreement with us. stock price.

Because we generally only generate transaction revenue after our platform is deployed, if we are unable to deploy our platform with our customers in a timely manner, our results of operations and financial condition may be harmed. For example, our sales cycle extended in 2022 and 2023 to be longer than we had experienced historically, and may continue to be extended, due to our restaurant customers' budgetary constraints and shifting priorities in response to labor and staffing challenges at both the operator and brand level. If we are unsuccessful in closing sales after expending significant funds and management resources, or we experience delays in the deployment The existence of our platform stock buyback programs could cause our stock price to customers or incur greater trade higher than anticipated costs, it otherwise would. Although the programs are intended to enhance long-term stockholder value, there is no assurance they will do so because the market price of our business, financial condition, Class A common stock may decline below the levels at which we repurchased shares and results short-term stock price fluctuations could reduce the effectiveness of operations have in the past and may in the future be adversely affected, programs.

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Our business depends on customers increasing their use of Repurchasing our platform, and any loss of customers or decline in their use of our platform could materially and adversely affect our business, results of operations, and financial condition.

Our ability to grow and generate incremental revenue depends, in part, on our ability to maintain and grow our relationships with existing customers, to have them increase their deployment and use of our platform and modules, and to increase or maintain transaction volume on our platform. Although our customers generally have multi-year contracts with us, they generally have the right to elect not to renew by providing at least 90 days' written notice prior to the expiration date of the contract. In addition, if our customers do not increase their use of our platform or adopt and deploy additional modules, or if they Class A common stock will reduce the number amount of locations using our platform, then our revenue may decline and our results of operations may be harmed. Customers in the past cash we have not renewed, and in the future may not renew, their contracts with us available to fund working capital, capital expenditures, strategic acquisitions, or reduce their use of our platform for any number of reasons, including if they are not satisfied with our platform or modules, the value proposition of our platform or our ability to meet their needs and expectations, security or platform reliability issues, or if they decide to directly

integrate with one or more of our partners, build their own solution internally or temporarily or permanently close their restaurants in a location. For example, Subway business opportunities, and other customers have not renewed their contracts with us or reduced their use of our platform.

Additionally, guests may change their purchasing habits or reduce their orders from our current customers, which could harm their business and reduce their use of our platform. We cannot accurately predict our customers' usage levels, and the loss of customers or reductions in the number of locations that use our platform or their usage levels of our modules may each have a negative impact on our business, results of operations, and financial condition and may cause our expansion rate to decline. If a significant number of customers cease using, or reduce their usage of our platform, then we may be required to spend significantly more on sales and marketing than we currently plan to spend in order to maintain or increase revenue from our customers. Such additional sales and marketing expenditures could adversely affect our business, results of operations, and financial condition.

Our business is highly competitive. We may not be able to compete successfully against current and future competitors.

We face competition in various aspects of our business, and we expect such competition to intensify in the future, as existing and new competitors, including some of our current ecosystem partners, introduce new solutions or enhance existing solutions that are directly competitive with our modules. Our platform combines functionality from numerous product categories, general corporate purposes, and we may compete against providers in each fail to realize the anticipated long-term stockholder value of these categories including white-label digital ordering solution providers, restaurant-focused POS platforms, aggregators that provide direct digital ordering solutions, our stock buyback programs. Furthermore, the timing and custom software providers. Our potential new or existing competitors may be able to develop solutions that are better received by customers or may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, regulations or customer requirements. Some ordering aggregators sell solutions that are competitive with our core platform and they may become more aggressive in their sales tactics, including by bundling competitive solutions with their delivery or aggregator products. If competitors, many amount of which are much better capitalized than we are, are successful in providing our customers with a more attractive solution or pricing, our business and results of operation may be harmed. In addition, as we expand into new markets, such as the emerging enterprise segment, we will continue to encounter varying competitive dynamics in such markets.

Competition may intensify as current or future competitors enter into business combinations or alliances or raise additional capital, or as established companies in other market segments or geographic markets expand into our market segments or geographic markets. For instance, current or future competitors could use strong or dominant positions in one or more markets to gain a competitive advantage against us in areas where we operate, including by integrating additional or competing platforms or features into solutions they control, such as additional payment, rewards, or delivery platforms or features. In addition, certain customers may choose to partner with our competitors in a specific geographic market or choose to engage exclusively with our competitors. Further, our current ecosystem partners could add features to their solutions, including POS functionality, limit or terminate the availability of their products on our platform, or directly compete with our solutions by expanding their product offerings. Current and future competitors may also choose to offer a different pricing model or to undercut prices in an effort to increase their market share. If we cannot compete successfully against current and future competitors, our business, results of operations, and financial condition could be negatively impacted.

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Financial Risks

Adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults or non-performance by financial institutions or transactional counterparties, could adversely affect our business, financial condition, and results of operations.

Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past led and may in the future lead to market-wide liquidity problems. On March 10, March 12, and May 1, 2023, the Federal Deposit Insurance Corporation, or the FDIC, took control and was appointed receiver of Silicon Valley Bank, or SVB, Signature Bank, and First Republic Bank, respectively, after each bank was unable to continue its operations, which led to market instability. We cannot predict the impact that the high market volatility and instability of the banking sector more broadly could have on economic activity and our business in particular. The failure of other banks and financial institutions and measures taken, or not taken, by governments, businesses, and other organizations in response to these events could adversely impact our and our customers' business, financial condition, and results of operations.

If the financial institutions with which we do business enter receivership or become insolvent in the future, there is no guarantee that the Department of the Treasury, the Federal Reserve, and the FDIC will intercede to provide us and other depositors with access to balances in excess of the \$250,000 FDIC insurance limit or that we would be able to (i) access our existing cash, cash equivalents, and investments, (ii) maintain any required letters of credit or other credit support arrangements, or (iii) adequately fund our business for a prolonged period of time or at all, any of which could have a material adverse effect on our current or projected business operations and results of operations and financial condition. In addition, repurchases, if any, parties with which we conduct business are unable to access funds pursuant to such instruments or lending arrangements with such a financial institution, such parties' ability to continue to fund their business and perform their obligations to us could be adversely affected, which, in turn, could have a material adverse effect on our business, financial condition, and results of operations.

Legal, Regulatory, Compliance, and Reputational Risks

Payment transactions processed on our platform and through the Olo Pay module may subject us to regulatory requirements and the rules of payment card networks, and other risks that could be costly and difficult to comply with or could harm our business.

We began commercially offering Olo Pay in the first quarter of 2022 and card-present transactions in the third quarter of 2023. In connection with this offering, the payment card networks require us to comply with payment card network operating rules, including special operating rules that apply to us as a "payment service provider" that provides payment processing-related services to merchants and payment processors. The payment card networks set these network rules and have discretion to interpret them and change them, including in ways that may limit our ability to offer Olo Pay card-present payment services. Through our offering of Olo Pay, we are also required to comply with payment card network operating rules and, in certain instances, we have agreed to reimburse our payment processor partners for fines they are assessed by payment card networks as a result of any rule violations by us or our customers. Any changes to or interpretations of the network rules that are inconsistent with the way we and the payment processors and customers

currently operate may require us to make changes to our business that could be costly or difficult to implement. If we fail to make such changes or otherwise resolve the issue with the payment card networks, they could fine us, cancel or suspend our registration as a payment service provider, or prohibit us from processing payment cards on their networks, which could have an adverse effect on our business, financial condition, and operating results. In addition, violations of the network rules or any failure to maintain good standing with the payment card networks as a payment service provider could impact our ability to facilitate payment card transactions on our platform, increase our costs, or otherwise harm our business. If we were unable to facilitate payment card transactions on our platform or were limited in our ability to do so, our business would be materially and adversely affected.

If we fail to comply with the rules and regulations adopted by the payment card networks, we could also be in breach of our contractual obligations to our payment processors, financial institutions, customers, or partners. Such failure to comply may subject us to fines, penalties, damages, higher transaction fees, and civil liability, and could eventually prevent us from processing or accepting payment cards or could lead to a loss of payment processor partners. In the event that we are found to be in violation of any of these legal or regulatory requirements, our business, financial condition, and results of operations could be harmed.

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We currently substantially rely on a limited number of third-party payment processors to facilitate payments made by guests and payments made to customers through the Olo Pay module. While we are seeking to develop payment processing relationships with other payment processors, we expect to continue to rely on a limited number of payment processors for the foreseeable future. In the event that any of our third-party payment processors fail to maintain adequate levels of support, experience interrupted operations, do not provide high quality service, increase the fees they charge us, discontinue their lines of business, terminate their contractual arrangements with us, or cease or reduce operations, we may suffer additional costs and be required to pursue new third-party relationships, which could materially disrupt our operations and our ability to provide our products and services, and could divert management's time and resources. In addition, such incidents could result in periods of time during which our platform cannot function properly, and therefore cannot collect payments from customers and their guests, which could adversely affect our relationships with our customers and our business, reputation, brand, financial condition, and results of operations.

We believe the licensing requirements of the Financial Crimes Enforcement Network and state agencies that regulate banks, money service businesses, money transmitters, and other providers of electronic commerce services do not apply to us. One or more governmental agencies may conclude that, under its statutes or regulations, we are engaged in activity requiring licensing or registration. In that event, we may will be subject to monetary penalties liquidity, market and adverse publicity economic conditions, compliance with applicable legal requirements such as Delaware surplus and may be required to cease doing business with residents of those states until we obtain the requisite license or registration.

We may use artificial intelligence in our business, solvency tests, and challenges with properly managing its use could result in reputational harm, competitive harm, and legal liability, and adversely affect our results of operations.

We have in the past and may in the future incorporate machine learning and artificial intelligence, or AI, solutions into our platform, modules, services and features, and these applications have become and may continue to become increasingly important in our operations over time. For example, OrderReady AI is our machine-learning-based solution that is built to enable brands to provide more accurate quote times. Our competitors or other third parties may incorporate AI into their products more quickly or more successfully than us, which could impair our ability to compete effectively and adversely affect our results of operations. Additionally, if the content, analyses, or recommendations that AI applications assist in producing are or are alleged to be deficient, inaccurate, or biased, our business, financial condition, and results of operations may be adversely affected. The use of AI applications has resulted in, and may in the future result in, cybersecurity incidents that implicate the personal data of end users of such applications. Any such cybersecurity incidents related to our use of AI applications could adversely affect our reputation and results of operations. AI also presents emerging ethical issues and if our use of AI becomes controversial, we may experience brand or reputational harm, competitive harm, or legal liability. The rapid evolution of AI, including potential government regulation of AI, has in the past and will in the future require significant resources to develop, test and maintain our platform, modules, services, and features to help us implement AI ethically in order to minimize unintended, harmful impact relevant factors.

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Unregistered Sales of Equity Securities

None.

Issuer Purchases of Equity Securities

The following table provides information with respect to repurchases of our Class A common stock during the periods indicated:

	Total Number of Shares Purchased	Average Price Paid per Share ⁽¹⁾	Total Number of Shares Purchased as Part of Publicly Announced	Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased under the Plans or Program (in thousands) ⁽²⁾
			as Part of Publicly Announced		thousands) ⁽²⁾
July 1 - 31, 2023	600,981	\$ 6.57	600,981	\$ 600,981	46,035
August 1 - 31, 2023	666,250	6.79	666,250		41,513

September 1 - 30, 2023	746,971	6.06	746,971	36,987
Total	2,014,202	6.45	2,014,202	36,987

			Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased under the Plans or Program (in thousands)(a)
January 1 - 31, 2024	1,098,269	\$ 5.15	1,098,269	\$ 16,444
February 1 - 29, 2024	844,570	5.68	844,570	11,644
March 1 - 31, 2024	857,052	5.58	857,052	6,863
Total	2,799,891	5.44	2,799,891	6,863

(1) Average price paid per share excludes broker commission fees.

(2) On September 7, 2022, we announced a program to repurchase up to \$100 million of our Class A common stock. The Stock Buyback Program has no expiration date and may be modified, suspended or terminated at any time by our Board of Directors at its discretion. The \$37.0 million \$6.9 million in the table above represents the amount available to repurchase shares under the Stock Buyback Program as of September 30, 2023 March 31, 2024. The Stock Buyback Program does not obligate us to acquire any specific number of shares. Under the Stock Buyback Program, shares may be repurchased in privately negotiated and/or open market transactions, including under plans complying with Rule 10b5-1 under the Exchange Act.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Rule 10b5-1 Trading Plans

On August 7, 2023 During the three months ended March 31, 2024, Raqtinda Investments LLC ("Raqtinda"), an investment vehicle of which David Frankel, a member none of our Board directors or officers (as defined in Rule 16a-1(f) of Directors, is the Exchange Act) adopted, terminated or modified a manager, adopted a Rule 10b5-1 trading arrangement for the sale or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of shares of our Class B common stock (the "Rule 10b5-1 Trading Plan") that is intended to satisfy the affirmative defense conditions of Securities Exchange Act Rule 10b5-1(c) Regulation S-K). The Rule 10b5-1 Trading Plan, which has a term of one year from the date of adoption, provides for the sale of up to 2,990,000 shares of our Class B common stock pursuant to the terms of the Rule 10b5-1 Trading Plan.

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Item 6. Exhibits.

The documents listed in the Exhibit Index of this Quarterly Report on Form 10-Q are incorporated by reference or are filed with this Quarterly Report on Form 10-Q, in each case as indicated therein.

EXHIBIT INDEX

Exhibit Number	Description	Filing Date
3.1	Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K (File No. 001-40213) filed on March 22, 2021).	March 22, 2021
3.2	Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.2 to the Registrant's Form 8-K (File No. 001-40213) filed on March 22, 2021).	March 22, 2021
4.1	Form of Class A Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the Registrant's Form S-1/A (File No. 333-253314) filed on March 8, 2021).	March 8, 2021
10.1# 10.1#	DoorDash Data License Addendum Third Amendment to the Restated Delivery Network Agreement, by and between the Registrant and DoorDash, Inc., effective March 30, 2022 dated August 3, 2023.	Filed herewith
31.1	Certification of the Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
31.2	Certification of the Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
32.1*	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Furnished herewith
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	Filed herewith
101.SCH	Inline XBRL Taxonomy Extension Schema Document	Filed herewith
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	Filed herewith
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith
104	Cover Page with Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101).	

* The certifications furnished in Exhibit 32.1 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.

Portions of this exhibit (indicated by asterisks) have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K because the registrant has determined they are not material and is the type of information that the registrant treats as private or confidential.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Olo Inc.

/s/ Noah H. Glass

Noah H. Glass

Chief Executive Officer (Principal Executive Officer)

/s/ Peter Benevides

Peter Benevides

Chief Financial Officer (Principal Accounting and Financial Officer)

November 6, 2023 May 7, 2024

November 6, 2023 May 7, 2024

4938

Exhibit 10.1

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [**], HAS BEEN OMITTED BECAUSE OLO INC. HAS DETERMINED THE INFORMATION (I) IS NOT MATERIAL AND (II) IS THE TYPE THAT OLO INC. TREATS AS PRIVATE AND CONFIDENTIAL

DOORDASH DATA LICENSE ADDENDUM THIRD AMENDMENT TO THE RESTATED DELIVERY NETWORK AGREEMENT

DOORDASH [**] API AND OLO ORDERING API Third Amendment Effective Date: March 30, 2024

This DoorDash Data License Addendum (this "Addendum") Third Amendment to the Restated Delivery Network Agreement dated (this "Third Amendment") by and between Olo Inc. f/k/a Mobo Systems, Inc. ("Olo") and DoorDash, Inc. ("DoorDash") is hereby entered into effective as of the Third Amendment Effective Date set forth above. Capitalized terms used but not defined in this Amendment have the meanings given to those terms in the Agreement (as defined below).

WHEREAS, on April 22, 2021 (the, Olo and DoorDash entered into the Restated Delivery Network Agreement (as amended, supplemented, and modified from time to time, the "Agreement") between;

WHEREAS, on July 30, 2021, Olo and DoorDash and the Middleware Provider identified below (each, a "Party" and collectively, "the Parties") is entered into the Amendment to the Restated Delivery Network Agreement; and

WHEREAS, on April 4, 2022, Olo and DoorDash entered into the Addendum Second Amendment to the Restated Delivery Network Agreement; and

WHEREAS, the parties wish to further modify or amend the terms of the Agreement as set forth in this Amendment.

The parties agree as follows:

1. Pursuant to Section P(8) (Amendment/Modifications) of the Agreement which requires amendments to be made in writing, the parties hereby agree that the following shall be added to the end of Section A ("Definitions") of the Agreement:
"[**]."
2. Pursuant to Section P(8) (Amendment/Modifications) of the Agreement which requires amendments to be made in writing, the parties hereby agree that the following shall be added as a new Section G(3) ("Regulatory Fees") to the Agreement:
"3. Regulatory Fees. [**]."
3. Pursuant to Section P(8) (Amendment/Modifications) of the Agreement which requires amendments to be made in writing, the parties hereby agree that the following Section L(1.) ("Limitation of Liability") shall be deleted in its entirety and replaced with the following:

1. Limitation of Liability.

EXCEPT FOR INDIRECT DAMAGES AS A RESULT OF EITHER PARTY'S INDEMNIFICATION OBLIGATIONS HEREIN, (A) IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY LOST PROFITS OR CONSEQUENTIAL, INDIRECT, PUNITIVE, EXEMPLARY, SPECIAL, OR INCIDENTAL DAMAGES ARISING FROM OR RELATING TO THIS AGREEMENT.

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WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, EVEN IF ONE OR BOTH PARTIES KNEW OR SHOULD HAVE KNOWN OF THE POSSIBILITY OF SUCH DAMAGES; AND (B) EXCEPT FOR DAMAGES ARISING FROM OR RELATING TO EITHER PARTY'S FRAUD, WILLFUL MISCONDUCT, OR VIOLATION OF LAW, OR EITHER PARTY'S INDEMNIFICATION OBLIGATION HEREIN, OR A PARTY'S PAYMENT OBLIGATIONS HEREUNDER, EACH PARTY'S TOTAL CUMULATIVE LIABILITY ARISING FROM OR RELATING TO THIS AGREEMENT [**]. THE PARTIES ACKNOWLEDGE THAT THE TERMS OF THIS SECTION L REFLECT THE

ALLOCATION OF RISK SET FORTH IN THIS AGREEMENT AND THAT THE PARTIES WOULD NOT HAVE ENTERED INTO THIS AGREEMENT WITHOUT THESE LIMITATIONS OF LIABILITY."

4. Pursuant to Section P(8) (Amendment/Modifications) of the Agreement which requires amendments to be made in writing, the parties hereby agree that the following Section M(1) ("Term and Termination") shall be deleted in its entirety and replaced with the following:

1. "Term. The term of the Agreement shall be extended for a period of 3 (three) years from the Third Amendment Effective Date. Capitalized terms not defined Thereafter, the Agreement shall automatically renew in this Addendum are defined increments of one (1) year unless a party provides the other with a written notice of non-renewal no later than [***] prior to the end of the Term. This Restated Agreement may terminate earlier as provided in Section M(2) or as the Agreement parties may otherwise agree in writing."

5. Pursuant to Section P(8) (Amendment/Modifications) of the Agreement which requires amendments to be made in writing, the parties hereby agree that the following Exhibit A, Section (1) (Fees to Olo) shall be deleted in its entirety and replaced with the following:

1. "Fees to Olo. [***]

[***]

DoorDash, Inc. ("DoorDash") [***]	Olo Inc. ("Middleware Provider" or "Olo") [***]
Signature: /s/ Kent Ferguson [***]	Signature: /s/ Diego Panama [***]
Name: Kent Ferguson [***]	Name: Diego Panama [***]
Title: Sr. Dir. Business Dev. [***]	Title: Chief Revenue Officer [***]
Date: 8/3/2023 [***]	Date: 8/3/2023 [***]
Addendum Effective Date: 8/3/2023 [***]	[***]
Agreement Effective Date: April 22, 2021 [***]	

1. FEES

1. Unless otherwise agreed between the parties in writing, there are [* [***] for the Licensed Data or the Licensed Data Portal during the Term of the Agreement.

2. Beginning Addendum Effective Date until the end of the Term, DoorDash shall pay Middleware Provider [*

[***]	[***]
[***]	[***]

[***]. Middleware Provider will not [***]. For the avoidance of doubt, the foregoing will not prohibit Middleware Provider from [***] in accordance with the terms of the Agreement. Middleware Provider shall pay any sales, use or value-added taxes imposed by any taxing authority with respect to

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [***], provided that Middleware Provider shall not be liable for any taxes related HAS BEEN OMITTED BECAUSE OLO INC. HAS DETERMINED THE INFORMATION (I) IS NOT MATERIAL AND (II) IS THE TYPE THAT OLO INC. TREATS AS PRIVATE AND CONFIDENTIAL

[***]

6. Pursuant to [***]. Payment Section P(8) (Amendment/Modifications) of [***] will the Agreement which requires amendments to be made in accordance writing, the parties hereby agree that the following shall be added as a new Section Q to the Agreement:

Q.***.

"***. Olo agrees to the following:

1. Upon a written request of a DoorDash Drive Preferred Partner (email shall suffice), ***;
2. Upon a written request of a DoorDash Drive Preferred Partner (email shall suffice), ***; and
3. The Parties acknowledge that it is the DoorDash Drive Preferred Partners' responsibility to adhere to their *** with DoorDash. ***."

7. Pursuant to Section P(8) (Amendment/Modifications) of the Agreement which requires amendments to be made in writing, the parties hereby agree that Exhibit B ("Mutual Product Commitments") of the Agreement shall be deleted in its entirety and replaced with Exhibit B ("Olo & DoorDash Joint Product Roadmap") set forth below in this Third Amendment.

8. Pursuant to Section P(8) (Amendment/Modifications) of the Agreement which requires amendments to be made in writing, the parties hereby agree that Exhibit C ("Delivery Guidelines and Refund Matrix") of the Agreement shall be deleted in its entirety and replaced with Exhibit C ("Delivery Guidelines and Refund Matrix") set forth below in this Third Amendment.

9. Pursuant to Section P(8) (Amendment/Modifications) of the Agreement which requires amendments to be made in writing, the parties hereby agree that Exhibit A, Section (2) (Payment Terms) shall be deleted in its entirety and replaced with the **Payment Terms** following:

10. Pursuant to Section P(8) (Amendment/Modifications) of the Agreement which requires amendments to be made in writing, the parties hereby agree that Exhibit A, Section (3) (Letter of Credit) shall be deleted in its entirety and replaced with the following:

"Beginning on April 1, 2024, Olo shall no longer be required to provide or maintain a letter of credit guaranteeing the payments made to DoorDash."

11. **Conflicts.** In the event of any conflict between this Third Amendment and the Agreement, this Third Amendment shall control.

12. **No Other Changes.** Except as specifically set forth in Exhibit A of the Agreement.

2. UNDERLYING AGREEMENT

1. **Background.** The Parties entered into herein, there are no other modifications to the Agreement that permits DoorDash to integrate into Middleware Provider's APIs for and all obligations outlined in the purpose of providing Middleware Provider's services to Merchants, Agreement are in full force and effect. This Addendum provides for DoorDash's access to the Olo Ordering API and Middleware Provider's access to Licensed Data, Licensed Data Portal, and Merchant Licensed Data (as defined below). Third

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2. **Conflicts.** This Addendum is governed by the terms of the Agreement. In the event of any conflict between a separate writing signed by Olo and DoorDash expressly modifying or amending this Addendum and the Agreement, this Addendum shall control solely as it pertains to Ordering API, Licensed Data and/or the Licensed Data Portal.

3. LICENSED DATA TERMS

1. Ownership of Licensed Data.

a. **Definitions.** Third Amendment.

"**13. Licensed Data** **Entire Agreement.**" means any information that DoorDash provides or makes accessible to Middleware Provider via the *** API ***.

"**Merchant Licensed Data**" means any information that DoorDash provides or makes accessible to the Middleware Provider via the *** API in accordance with the agreement between Middleware Provider and the respective Merchant ***.

The "Licensed Data Portal" is any mechanism whereby Middleware Provider accesses or receives the Licensed Data, which for the purposes of this Addendum will be the DoorDash [***] API or any other program or interface that DoorDash may provide Middleware Provider access to.

"[***] API" means DoorDash's proprietary application programming interface (API) and includes any related documentation.

"Ordering API" means Middleware Provider's proprietary application programming interface (API) and includes any related documentation.

b. **Ownership and Consents.** As between the Parties, DoorDash owns all right, title and interest, including without limitation, all intellectual property rights, in and to the [***] API, the Licensed Data and the Licensed Data Portal, the technology used to create the foregoing, any derivative works that contain the foregoing. Middleware Provider owns all right, title and interest, including without limitation, all intellectual property rights, in and to the Ordering API. Middleware Provider acknowledges that DoorDash will share Merchant Licensed Data for a specific Merchant with Middleware Provider only for use and processing in accordance with [***].

2. License.

a. **Permitted Uses.** Subject to Middleware Provider's compliance with the Agreement and this Addendum, DoorDash hereby grants Middleware Provider a limited, revocable, non-exclusive, non-transferable, non-assignable, non-sublicensable license to access Third Amendment constitute the entire and use Licensed Data for the sole purpose of providing services to Merchants, [***] (the "Permitted Use"). For absolute clarity, Middleware Provider expressly acknowledges that it shall not use the Licensed Data or the Licensed Data Portal for any reason other than a Permitted Use.

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DoorDash shall provide [***] to enable Middleware Provider to integrate into the DoorDash [***] API and access the Licensed Data.

b. **Restrictions.** Middleware Provider will not, and will not attempt to: (i) reverse engineer, disassemble, decompile or otherwise attempt to derive the source code or the underlying ideas, algorithms, structure or organization of Licensed Data, the Licensed Data Portal, or any part of any complete understanding of the foregoing; (ii) sublicense, lease, loan, sell, transfer, distribute, disclose or otherwise make available any part of any of Licensed Data or parties regarding its subject matter, and supersede all written agreements and understandings between the Licensed Data Portal, in any form [***]; (iii) remove or alter any legal, copyright, trademark, watermark, or other proprietary rights notice contained in or on Licensed Data or the Licensed Data Portal; (iv) use Licensed Data or the Licensed Data Portal for a reason other than parties regarding its subject matter. Except as specifically provided or intended under this Addendum [***].

c. **Feedback.** Middleware Provider may provide DoorDash with comments, ideas or suggestions, concerning the DoorDash Platform, the Licensed Data, the Licensed Data Portal, or Middleware Provider's evaluation expressly amended and use thereof (collectively, "Feedback"). Middleware Provider supplemented hereby, grants and agrees to grant DoorDash all rights, title, and ownership of such Feedback (including all intellectual property rights therein), and DoorDash may use the Feedback for any and all commercial and non-commercial purposes with no obligation of any kind to Middleware Provider.

d. **License to Ordering API.** Subject to DoorDash's compliance with the Agreement and this Addendum, Middleware Provider hereby grants DoorDash a limited, revocable, non-exclusive, non-transferable, non-assignable, non-sublicensable license to access and use Ordering API [***]. The "License Restrictions" set forth in Sections D.2. of the Agreement shall apply to the license provided by Middleware Provider to DoorDash for the Ordering API, remain in full force and effect.

e. **Deletion.** The parties agree any request made by DoorDash to Middleware Provider requiring prompt deletion or destruction of all Licensed Data in Middleware Provider's possession or control that arises from Middleware Provider's breach of subsections 2.a, 2.b, or 2.c of this Section 3 (Licensed Data Terms) shall be considered a reasonable request under Section H.2. of the Agreement.

f. **Active Merchant Review.** Middleware Provider shall provide a list of Merchants that are active vendors upon DoorDash's reasonable written request [***].

3. **Privacy and Security.** Middleware Provider will establish, maintain, and implement an information security program, including appropriate administrative, technical, organizational, and physical safeguards, that are designed to: (a) ensure the security and confidentiality of the Licensed Data, Merchant Licensed Data, and the Licensed Data Portal; (b) protect against threats or hazards to the security or integrity of the Licensed Data, Merchant Licensed Data, and the Licensed Data Portal; (c) protect against unauthorized access to or use of Licensed Data, Merchant Licensed Data or the Licensed Data Portal. If Middleware Provider becomes aware of

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any unauthorized access to or loss of Licensed Data, Merchant Licensed or the Licensed Data Portal, it shall promptly report such incident to DoorDash, take appropriate remedial actions, and reasonably cooperate with DoorDash in its review and investigation of the incident.

4. Olo Product Commitments. In consideration of access to the Licensed Data and Licensed Data Portal, Middleware Provider shall work with DoorDash to [**] as outlined in Exhibit A for Merchants identified by DoorDash. DoorDash shall provide Middleware Provider access to the Licensed Data and Licensed Data Portal and Middleware Provider shall begin [**] after the Addendum Effective Date [**]. For the avoidance of doubt, DoorDash will provide access to the Licensed Data Portal as outlined above. However, access to Licensed Data shall be provided in multiple stages which shall be mutually determined by the Parties.

5. Term & Termination. For clarity, in the event the Agreement terminates for any reason, this Addendum and all Licenses provided hereunder shall simultaneously terminate. Upon termination of this Addendum, Middleware Provider and DoorDash shall immediately cease to market the services of the other Party as they relate to this Addendum. Additionally, Middleware Provider agrees that upon Termination of this Addendum, DoorDash may request deletion or destruction of the Licensed Data in Middleware Provider's possession or control, and Middleware Provider shall delete or destroy any such Licensed Data as soon as reasonably practicable. DoorDash may suspend Middleware Provider's access to the Licensed Data or the Licensed Data Portal if DoorDash reasonably believes that Middleware Provider is breaching the terms of this Addendum or the Agreement. Neither Party shall be entitled to any compensation as a result of termination, suspension, or expiration of this Agreement.

6. Indemnity. In addition to Section K in the Agreement, each party shall indemnify, defend, and hold harmless the other party and each of its subsidiaries and affiliates, and each of their respective past or present officers, directors, agents, servants, employees, stockholders, predecessors, successors or assigns against all Claims incurred by the non-breaching party resulting from or relating to a breach or alleged breach of Sections 3.1, 3.2, or 3.3 of this Addendum, or an allegation that the Ordering API, Licensed Data or the Licensed Data Portal infringes, violates, or misappropriates any United States patent, trademark, or copyright.

7. Limitation of Liability. The terms of this paragraph modify Article L in the Agreement solely as it pertains to the use of Ordering API, Licensed Data or the Licensed Data Portal. Except for damages arising from or relating to either Party's wilful misconduct and indemnification obligations herein, each Party's maximum aggregate liability pursuant to this Addendum shall not exceed [**], and neither Party shall be liable for any indirect, special, punitive or consequential damages.

The rest of the page is intentionally left blank.

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IN WITNESS WHEREOF, the parties have caused this Third Amendment to be executed by their respective duly authorized officers.

Exhibit A: Olo Commitments Related To

DoorDash, Inc. ("DoorDash") State of Incorporation: Delaware Type of Entity: Corporation Signature: /s/Tom Pickett Name: Tom Pickett Title: Chief Revenue Officer Date: 3/31/2024 Address: DoorDash, Inc. 303 2nd Street, South Tower, San Francisco CA 94107 Legal notices: [***]	Olo Inc. ("Olo") State of Incorporation: Delaware Type of Entity: Corporation Signature:/s/Noah H. Glass Name: Noah H. Glass Title: Founder, Chief Executive Officer, and Director Date: 3/31/2024 Address: Olo Inc. 99 Hudson Street Floor 10 New York, New York 10013 [***]
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Exhibit B

Olo & DoorDash Joint Product Roadmap

Olo and Olo DoorDash shall work together on mutual product and feature updates in good faith in order to unlock value for both parties. The Olo & DoorDash Joint Product Roadmap Table below outlines the current view of mutual product commitments and the associated target availability dates. [***]. For the avoidance of doubt, the [***] set forth below shall be for [***], and Olo shall not be required to [***].

[***] shall include:

[***]

Both The parties shall designate agree to use commercially reasonable efforts to [***] in accordance with this Exhibit A.

Notwithstanding the foregoing, the parties acknowledge that [***].

Olo & DoorDash Joint Product Roadmap Table

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***	***	***	***
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Exhibit C
Delivery Guidelines and Refund Matrix

DoorDash agrees that Olo may share DoorDash's Refund Matrix (without any modifications) with Merchants. DoorDash reserves the right to update the Refund Matrix at any time, and will use commercially reasonable efforts to notify Olo in writing (email shall suffice) [***] prior to the update.

[***]

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a), AS ADOPTED
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Noah Glass, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Olo Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **November 6, 2023** **May 7, 2024**

By: **/s/ Noah H. Glass**

Noah H. Glass
Chief Executive Officer
(*Principal Executive Officer*)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a), AS ADOPTED
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Peter Benevides, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Olo Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2023 May 7, 2024

By: /s/ Peter Benevides

Peter Benevides
Chief Financial Officer
(*Principal Financial and Accounting Officer*)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Noah H. Glass, Chief Executive Officer of Olo Inc. (the "Company"), and Peter Benevides, Chief Financial Officer of the Company, each hereby certifies that, to the best of his knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended September 30, 2023 March 31, 2024, to which this certification is attached as Exhibit 32.1 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 6, 2023 May 7, 2024

/s/ Noah H. Glass

Noah H. Glass

Chief Executive Officer (Principal Executive Officer)

/s/ Peter Benevides

Peter Benevides

Chief Financial Officer (Principal Accounting and Financial Officer)

This certification accompanies the Quarterly Report on Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

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