

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2023

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number: 001-37874

**Everbridge, Inc.**

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

25 Corporate Drive, Suite 400  
Burlington, Massachusetts

(Address of principal executive offices)

26-2919312

(I.R.S. Employer  
Identification No.)

01803

(Zip Code)

Registrant's telephone number, including area code: (818) 230-9700

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value per share	EVBG	The Nasdaq Global Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, based on the closing price of the registrant's common stock on June 30, 2023 (the last business day of the registrant's most recently completed second fiscal quarter), as reported on the Nasdaq Global Market on such date, was approximately \$1.1 billion. Shares of the registrant's common stock held by each executive officer, director and holder of 10% or more of the registrant's outstanding common stock have been excluded from this calculation as such persons may be deemed to be affiliates. This calculation does not reflect a determination that these persons are affiliates of the registrant for any other purpose.

The number of shares of registrant's Common Stock outstanding as of February 21, 2024 was 41,320,525.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Definitive Proxy Statement for its 2024 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K are incorporated by reference into Part III of this Annual Report on Form 10-K.

**EVERBRIDGE, INC. AND SUBSIDIARIES**  
**FORM 10-K**  
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## PART I

### Forward-Looking Statements

This Annual Report on Form 10-K, including the sections entitled “Business,” “Risk Factors,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. Statements that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are often identified by the use of words such as, but not limited to, “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “goals,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “target,” “will,” “would” or the negative or plural of these terms and similar expressions or variations intended to identify forward-looking statements. These forward-looking statements include, but are not limited to, statements concerning the following:

- our proposed acquisition by entities affiliated with Thoma Bravo, L.P. (“Thoma Bravo”);
- our expectation regarding the timing and completion of the proposed acquisition by entities affiliated with Thoma Bravo;
- the effect of recent changes in our senior management team on our business;
- our ability to maintain effective internal control over financial reporting and disclosure controls and procedures, including our ability to remediate the material weakness in internal control over financial reporting in the anticipated timeframe, if at all;
- our ability to continue to add new customers, maintain existing customers and sell new products and professional services to new and existing customers;
- the impact that global economic conditions may have on our business, strategy, operating results, financial condition and cash flows, as well as changes in overall level of software spending and volatility in the global economy;
- the potential impact of macroeconomic events such as the COVID-19 pandemic, the ongoing war in Ukraine or the evolving situation in the Middle East;
- the success of the 2022 Strategic Realignment (as defined below);
- the effects of increased competition as well as innovations by new and existing competitors in our market;
- our ability to adapt to technological change and effectively enhance, innovate and scale our solutions;
- our ability to effectively manage or sustain our growth and to attain and sustain profitability;
- our ability to diversify our sources of revenue;
- our ability to integrate acquired companies, to complete potential acquisitions, and to integrate complementary businesses and technologies;
- our ability to maintain, or strengthen awareness of our brand;
- perceived or actual security, integrity, reliability, quality or compatibility problems with our solutions, including related to security breaches in our customers’ systems, unscheduled downtime or outages;
- statements regarding future revenue, hiring plans, expenses, capital expenditures, capital requirements and stock performance;
- our ability to attract and retain qualified employees and key personnel and further expand our overall headcount;
- our ability to grow, both domestically and internationally;

- our ability to stay abreast of new or modified laws and regulations that currently apply or become applicable to our business both in the United States and internationally, including laws and regulations related to export compliance and climate change;
- our ability to maintain, protect and enhance our intellectual property;
- costs associated with defending intellectual property infringement and other claims; and
- the future trading prices of our common stock and the impact of securities analysts' reports on these prices.

These statements represent the beliefs and assumptions of our management based on information currently available to us. Such forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified above, and those discussed in the section titled "Risk Factors" included under Part I, Item 1A. Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances that occur after the date of this report.

### **Item 1. Business.**

*Unless otherwise stated in this Annual Report on Form 10-K, references to "Everbridge," "we," "us," and "our" refer to Everbridge, Inc. and its consolidated subsidiaries.*

#### **Overview**

Everbridge is a global software company that empowers resilience by leveraging intelligent automation technology to enable customers to anticipate, mitigate, respond to, and recover from critical events to keep people safe and organizations running. Boston Consulting Group defines resilience as 'a company's capacity to absorb stress, recover critical functionality, and thrive in altered circumstances.' During public safety threats including severe weather conditions, active shooter situations, terrorist attacks or a pandemic, as well as critical business events such as Information Technology ("IT") outages, cyber-attacks, product recalls or supply-chain interruptions, global customers rely on our Critical Event Management platform to empower their resilience and to quickly and reliably aggregate and assess threat data, locate people at risk and responders able to assist, automate the execution of pre-defined communications processes through the secure delivery to a comprehensive range of different communication channels and devices, and track progress on executing response plans. Our customers use our platform to identify and assess hundreds of different types of threats to their organizations, people, assets or brand. Our solutions enable organizations to automate and deliver intelligent, contextual messages to, and receive verification of delivery from, hundreds of millions of recipients, across multiple communications modalities such as voice, Short Message/Messaging Service ("SMS") and email, in several languages and dialects – all simultaneously. Our Critical Event Management platform is comprised of a comprehensive set of software applications packaged for organizations to address five core use cases, safeguarding: Business Operations, People Resilience, Digital Operations, Smart Security, and Public Safety. Our individual products address the full spectrum of tasks an organization requires to manage a critical event, including Mass Notification, Safety Connection, IT Alerting, Risk Intelligence, Public Warning, Community Engagement, Crisis Management, CareConverge, Control Center, Travel Protector, SnapComms and E911. Everbridge applications leverage our Critical Event Management platform, permitting customers to use a single contacts database, rules engine of algorithms and hierarchies, and user interface to accomplish multiple objectives. We believe that our broad suite of integrated applications delivered via a single global Critical Event Management ("CEM") platform is a significant competitive advantage in the resilience market for CEM solutions.

In critical situations, the speed at which threats are assessed and information is transmitted and accessed is essential. Accordingly, organizations must be able to aggregate multiple types of threat and incident data and determine whether their people, assets, or suppliers could be impacted, rapidly deliver messages that are tailored to multiple, specific audiences, in precise locations and be assured of delivery. Further, the proliferation of mobile and digital communications, and the effects of the global pandemic, have resulted in individuals spending less time in a fixed office location, and this trend makes it more complicated for organizations to protect their employees. These developments have made it imperative that organizations be able to locate travelling or remote workers to determine who might be impacted by a critical event, and that critical communications be delivered via voice, SMS and email, as well as to social media, outdoor signage and personal computers.

During public safety threats and critical business events, the ability to gather, organize and analyze data in real time, and to enable secure, scalable, reliable and automated communications to people can be essential to saving lives, protecting assets and maintaining businesses. Further, the ability to rapidly organize a response by locating available responders and using automation to reduce the time required to initiate action can also result in significant economic savings, as, for example, each minute of unplanned IT downtime costs organizations an average of approximately \$12,900, according to Enterprise Management Associates (“EMA”) research in conjunction with BigPanda. According to Boston Consulting Group, in critical situations resilient organizations produce better outcomes by lowering impact, enabling higher recovery speed, and greater recovery extent.

The following situations reflect examples of how our applications aggregate and assess data and enable improved resilience and management of critical events:

- When an active shooter situation or terrorist attack occurs, organizations can quickly identify employees in the affected area, including employees not at their usual business location, in order to confirm that they are safe and provide tailored instructions. For example, shelter-in-place instructions may be provided to people in an impacted building while evacuation instructions are provided to those in an adjacent building. At the same time, first responders and hospitals can use multiple modes of alerting to mobilize resources and call in staff to provide emergency care.
- When a pandemic such as COVID-19 is underway, corporate, government and healthcare organizations can navigate the complexity of operating during the shutdown phases, supplement or complement existing manual contact tracing efforts and prepare to bring back the workforce and reopen society.
- When a hurricane is imminent, local emergency management departments can alert affected communities with relevant safety and evacuation instructions while companies can put in place emergency plans to notify employees of office closures while coordinating work assignments to maintain the continuity of core operations.
- When emergency operations are required or supply chain events occur, companies can consolidate separate command centers using one common data set to aggregate and assess data on severe weather, political unrest and other types of threats to their own and suppliers’ operations, thereby reducing costs while gaining efficiencies.
- When IT systems fail, IT administrators can shorten the time required to alert cross-department responders, use scheduling information to determine availability and quickly assemble appropriate personnel on a conference bridge, thereby reducing the costs incurred from downtime.
- When a patient is suspected of having a stroke, an on-call specialist can provide a patient assessment via video communications during the ambulance trip and the emergency room can be readied for an immediate stroke treatment, accelerating critical time to treatment.
- When a cyber incident shuts down an IT network, management can alert employees of the network shutdown via a secure, alternate communication path.
- When a power line is down, utility workers can utilize pre-configured incident management templates to alert affected customers and responders and provide service updates.
- When engine readings in critical equipment detect a malfunction, technicians with the appropriate skills can be automatically alerted and quickly deployed to minimize downtime and avoid revenue loss or service interruption.

- When readings from an implanted medical device are abnormal, that information can be automatically routed to the individual’s healthcare provider to enable timely medical care.
- When a young child goes missing, local officials can send alerts to and receive tips from their communities to aid in locating and returning the child.
- When a financial services firm experiences disruptions in service, clients can be promptly notified and audit confirmations can be provided to document delivery.

Our customer base has grown from 867 customers at the end of 2011 to more than 6,700 customers as of December 31, 2023. As of December 31, 2023, our customers were based in over 87 countries and included the majority of FORTUNE 50 businesses, and many of the largest cities, airports, health systems, manufacturers, and universities around the world. We provide our applications to customers of varying sizes, including enterprises, small businesses, non-profit organizations, educational institutions and governmental agencies. Our customers span a wide variety of industries including technology, energy, financial services, healthcare and life sciences, manufacturing, media and entertainment, retail, higher education and professional services.

We derive most of our revenue from subscriptions to our critical communications applications. Subscription services revenue represented 91% of our total revenue in 2023 and 89% of our total revenue in each of 2022 and 2021. Our pricing model is based on the number of applications subscribed to and, per application, the number of people, locations and things connected to our platform, as well as the volume of communications. We also offer premium services including data feeds for social media, threat intelligence and weather. We generate additional revenue by expanding the number of applications that our customers subscribe to and the number of contacts and devices connected to our platform.

## **Recent Developments**

### ***Proposed Merger with Thoma Bravo***

On February 4, 2024, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Project Emerson Parent, LLC (“Parent”) and Project Emerson Merger Sub, Inc. (“Merger Sub”). The Merger Agreement provides that, subject to the terms and conditions set forth in the Merger Agreement, Merger Sub will merge with and into Everbridge (the “Merger”), with Everbridge continuing as the surviving corporation of the Merger and a wholly owned subsidiary of Parent. Parent and Merger Sub are affiliates of the Thoma Bravo Discover Fund IV, L.P. (the “Thoma Bravo Fund”), an investment fund managed by Thoma Bravo.

Under the Merger Agreement, at the effective time of the Merger (the “Effective Time”), each share of common stock of the Company outstanding immediately prior to the Effective Time (except for certain shares specified in the Merger Agreement) will be cancelled and automatically converted into the right to receive cash in an amount equal to \$28.60 per share, without interest and subject to applicable withholding taxes.

The agreement includes a 25-day “go-shop” period expiring on 11:59 p.m. Eastern Time on February 29, 2024, which permits our Board of Directors (the “Board”) and advisors to actively initiate and solicit alternative acquisition proposals from certain third parties, as described in the Merger Agreement. Our Board has the right to terminate the Merger Agreement to accept a superior proposal subject to the terms and conditions of the Merger Agreement. We do not intend to disclose developments with respect to the solicitation process unless and until we determine such disclosure is appropriate or otherwise required.

Completion of the Merger remains subject to customary closing conditions, including (1) the adoption of the Merger Agreement by the holders of a majority of the voting power of the outstanding shares of common stock of the Company, (2) the expiration or early termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (“HSR Act”) and the receipt of other specified regulatory approvals and (3) the absence of an order or law preventing the Merger.

Either the Company or Parent may terminate the Merger Agreement under certain circumstances, including if (1) the Effective Time has not occurred by August 4, 2024 (the “Termination Date”), which may be extended to November 4, 2024 if certain closing conditions related to the receipt of required regulatory approvals have not been satisfied at such time, (2) a governmental authority of competent jurisdiction has issued a final non-appealable governmental order preventing the Merger or (3) the stockholders of the Company fail to adopt the Merger Agreement.

Upon completion of the transaction, Everbridge will become a privately held company and will continue to operate under the Everbridge name and brand. The transaction is expected to close in the second calendar quarter of 2024, subject to customary closing conditions and approvals. For further information, see Note 21, Subsequent Events, of the notes to consolidated financial statements.

#### ***Appointment of New Chief Financial Officer and Departure of Chief Financial Officer***

Pursuant to a preexisting succession plan, on February 4, 2024, we appointed David Rockvam as Executive Vice President and Chief Financial Officer, effective immediately. Mr. Rockvam succeeds Patrick Brickley whose last day of employment will be March 15, 2024, after which time he will remain as a consultant to assist with the transition under the terms of a consulting agreement described below.

On February 4, 2024, Mr. Brickley entered into a consulting agreement with us. The term of the consulting agreement begins on February 17, 2024 and ends on December 31, 2024, unless terminated earlier by us for “cause.”

#### ***Departure of Chief Accounting Officer***

On February 26, 2024, Phillip E. Huff, our Chief Accounting Officer and principal accounting officer, provided notice he was resigning from his position as Chief Accounting Officer, effective March 22, 2024, and entered into a consulting agreement with us. The term of the consulting agreement begins on March 23, 2024 and ends on May 10, 2024, unless terminated earlier by us for “cause.” For additional information, see “Departure of Chief Accounting Officer” set forth in Part II, Item 9B of this Annual Report on Form 10-K.

#### ***Litigation Settlement Agreement***

On January 31, 2024, we entered into a settlement agreement (the “Settlement Agreement”) with respect to a previously disclosed lawsuit filed in the United Kingdom Commercial Court against us and Everbridge Holdings Limited, our wholly-owned subsidiary, by certain former shareholders of The Anvil Group (International) Limited, Anvil Worldwide Limited and The Anvil Group Limited. Under the terms of the Settlement Agreement, we paid \$25 million to settle the claims. For further information, see Note 19, Commitments and Contingencies, of the notes to consolidated financial statements.

#### ***Convertible Notes Repurchases and Capped Call Partial Termination***

During the three months ended September 30, 2023, we paid approximately \$65.7 million in cash to repurchase approximately \$70.1 million principal amount of our 0.125% convertible senior notes due December 15, 2024 (the “2024 Notes”) and approximately \$64.9 million in cash to repurchase approximately \$74.7 million principal amount of our 0% convertible senior notes due March 15, 2026 (the “2026 Notes”). Additionally, during the three months ended December 31, 2023, we partially terminated capped call options entered into in connection with the 2024 Notes and received approximately \$33 thousand.

#### ***2022 Strategic Realignment Amendment***

On May 3, 2022, our Board approved a program (the “2022 Strategic Realignment”) to strategically realign our resources in order to accelerate and grow our investments in our largest growth opportunities while streamlining our operations, as amended in November 2022. On July 27, 2023, our Board approved an additional amendment to the 2022 Strategic Realignment program to include additional targeted realignment and reduction of workforce and other third-party spend. The 2022 Strategic Realignment is expected to be substantially completed by the first half of fiscal 2024.

## ***Florida Division of Emergency Management Contract***

On April 21, 2023, we reported that we were notified of the termination of our contract (the “Contract”) with the Florida Division of Emergency Management (“FDEM”) one year early, effective June 30, 2023. On April 27, 2023, we entered into a Contract amendment with the FDEM that rescinds the termination and modifies the end date of the Contract to December 31, 2023. The amendment also added an option for a six-month renewal of service, which was exercised, to June 30, 2024, the original length of the Contract.

## **Industry Background**

Over the past two decades, methods to assess critical events and to automate, accelerate and digitally transform the process of managing and responding to such events have evolved rapidly, in tandem with advances in technology, to include automated or system-generated responses, such as voice calls, text messages, emails, social media and outdoor digital signage. In critical situations, the speed at which threats are assessed and information is transmitted is essential.

## ***Evolution of Critical Event Management Solutions***

Traditional solutions for critical communications have not kept pace with the increasingly digital world, the evolving threat landscape and the opportunity to leverage technological innovation to more effectively gain situational awareness and to communicate with people. These solutions are often developed in-house or are not truly enterprise grade in scale and reliability, leaving many organizations to manually evaluate multiple streams of threat data and to use analog, one-way and people-based modalities to communicate with relevant stakeholders. These solutions lack the scale to reliably address the breadth of the different critical challenges that organizations increasingly face, the sophistication required to address evolving needs with aggregated data and analysis for threat assessment, automated workflows and the ability to rapidly deliver messages that are contextually tailored to multiple, specific audiences, in precise locations, using a variety of different communication modalities. Traditional solutions also typically determine a person’s location for threat assessment and availability for response, and send notifications, based upon a static work or home address. Given the mobile and increasingly remote nature of today’s workforce, solutions now need to be able to dynamically locate who is near a critical event and send instructions to impacted parties and responders based upon where they actually are.

CEM solutions digitally transform the response to natural, manmade and digital crises, building upon the strengths of modern critical communications with vital data, analytics, correlation, and seamless orchestration. Organizations today typically manage critical events across the organization in silos that use disparate data sources and unintegrated tools, making it difficult to achieve a common operational view of threats and of the status of response. Utilizing a common contact base, consistent rules engines, threat databases that are integrated with information on the location of an organization’s people, assets and suppliers, and a common visualization platform, CEM solutions can provide a more integrated solution which can improve management control and visibility and lower costs. The ability to cohesively and rapidly share information and collaborate across the organization underlies creating a common operational approach and empowers resilience outcomes.

## **Key Benefits of Our Solutions and Competitive Strengths**

Everbridge was founded with a vision to help organizations keep their people (employees, contractors, customers, residents, visitors) safe and operations running amid the many types of public safety and critical business events that pose threats. Our CEM solutions enable organizations to anticipate, mitigate, respond to, and recover from critical events, on a single platform. Key benefits of our solutions and competitive strengths include the following:

- ***Comprehensive, Enterprise-Scale Platform.*** The core of our solutions is our Critical Event Management platform, which provides multiple layers of redundancy to assure uptime and delivery of communications regardless of volume or throughput requirements. The platform is secure, scalable and reliable, enabling the delivery and verification of communications virtually anywhere, in any volume, in near real-time. In 2023, we delivered billions of interactions through our globally distributed data centers.

- **Digital Transformation.** Our solutions help enable our customers' digital transformation efforts by digitizing organizational resilience and automating business continuity, risk reduction, and operational resilience. Customers can use our solutions' situational awareness capabilities to know where their people are, how to reach them and how to ensure that they are protected, while also remaining updated on the status of their facilities, customers, inventory, and goods in transit. As part of digital transformation initiatives, our solutions support operational risk reduction for better operational resiliency.
- **Out-of-the-Box, Scalable and Mobile Applications.** Our SaaS-based applications are out-of-the box, enterprise-ready and can be utilized without customer development, testing or ongoing maintenance. Regardless of a customer's or prospect's size or needs, our applications are built to scale to its largest and most complex critical communications requirements.
- **Aggregated Threat Data and Analysis.** Our software gathers and analyzes information from weather data feeds, public safety and threat data feeds, social media, IT ticketing systems and monitoring systems, as well as inputs and feedback from two-way and polling messages. Data can be geo-mapped and threat and incident data can be used to automatically trigger simple or complex workflows that are tied to standard operating procedures or run-books.
- **Contextual Communications.** We enable intelligence and personalization in the critical communications process by delivering contextual communications. Our customers can deliver and escalate critical communications broadly to a mass population or to a targeted subset of individuals based on geographic location, skill level, role and communication modality preferences for rich, two-way collaboration.
- **Dynamic Location Awareness.** Our platform can provide organizations with the ability to send and receive notifications based on the last known locations of people, not just based on a static office or home address. Our platform integrates with a variety of sources of location information, including building access control systems and corporate network access solutions. This location-specific approach enables organizations to quickly determine which individuals may be affected by a public safety threat or able to respond to a critical business event, and to provide targeted and relevant instructions and two-way communications.
- **Large, Dynamic and Rich Communications Data Asset.** As of December 31, 2023, our data asset consists of our contact databases with connections from more than 6,700 customers based in over 87 countries. Our contacts databases, which we refer to as contact stores, are initially created through an upload of contacts from the customer and are automatically updated with the most current contact information provided by the customer or by individuals who opt-in to receive notifications from our Community Engagement application. Our contact stores are repositories for contact details, attributes and business rules and preferences, such as a person's last-known location, language spoken, special needs, technical certifications and on-call status.
- **Multi-channel Visualization.** Our platform provides the ability to create an integrated view of threats, incidents and the status of response, within the context of the locations of an organization's people, assets and suppliers. Multiple channels of information can be displayed side-by-side so different facets of a critical event can be monitored simultaneously, and the same data can be displayed on personal computer screens and on a large command center wall to provide flexibility in deployment.

- **Robust Security, Industry Certification and Compliance.** Our platform is built on a secure and resilient infrastructure with multiple layers of redundancy. Many of our enterprise applications are designed to meet rigorous security and compliance requirements for financial services firms, healthcare institutions, the U.S. federal government and other regulated industries, including facilitating compliance with the standards under FINRA and Health Insurance Portability and Accountability Act of 1996 as amended by the Health Information Technology for Economic and Clinical Health Act, and their implementing regulations (collectively, “HIPAA”). Our Everbridge Suite solution achieved authorization under the Federal Risk and Authorization Management Program (“FedRAMP”) in 2018, that required satisfying a rigorous security and risk management review process and which we believe provides an advantage for selling into the U.S. federal sector. In 2019, our Critical Event Management platform received certification under International Organization for Standardization, or ISO, 27001 and also received Cloud Computing Compliance Controls Catalogue (“C5”) accreditation under the Federal Office for Information Security in Germany. In 2020, we received ISO 27701 compliance, the privacy extension to ISO 27001. In 2024, we are continuing the expansion of our FedRAMP authorization more fully across the Critical Event Management platform.
- **Automated Workflows.** Our platform automates the workflows required to complete a critical notification, including establishing the individuals within an organization authorized to send messages, the groups of stakeholders to whom messages will be sent and the content of messages to be sent to different groups of relevant stakeholders, in each case based on incident type. We believe that this automation reduces the amount of time required to send critical notification as well as the associated cost. Our platform also enables customers to automatically establish procedures for improving the success of communication efforts.
- **Globally Local.** Our platform is designed to be utilized globally while accounting for local cultural, linguistic, regulatory and technological differences. We have relationships with suppliers and carriers in multiple countries to ensure delivery in compliance with local, technical and regulatory requirements. We have localized our user interface in several languages and dialects.
- **Next-Generation, Open Architecture.** We developed our platform to easily integrate our applications with other systems. Our solutions provide open Application Program Interfaces (“APIs”), and configurable integrations, enabling our platform to work with our customers’ and partners’ pre-existing processes and solutions, and increasing the business value we deliver.
- **Actionable Reporting and Analytics.** Our platform provides real-time dashboards, advanced map-based visualization and ad-hoc reporting across notifications, incidents and contacts. This information is easily accessed for required after-event reviews, continuous process improvements and regulatory compliance.

## Our Growth Strategy

We intend to drive growth in our business by building on our position as a global provider of resilience solutions with critical event management, critical communications and enterprise safety applications. Key elements of our growth strategy include:

- **Accelerate Our Acquisition of New Customers.** We have multiple paths of entry into new customers with our portfolio of applications, which are used for a wide variety of use cases across a diverse set of verticals markets. We intend to capitalize on the breadth of our solutions and the technological advantages of our CEM platform to continue to attract new customers. In parallel, we plan to attract new customers by investing in sales and marketing and expanding our channel partner relationships.
- **Further Penetrate Our Existing Customers.** We believe that there is a significant opportunity within our existing customer base to expand their use of our platform, both by selling new applications and features to our existing customers and selling to additional departments in their organizations. We also believe that we have a significant opportunity to increase the lifetime value of our customer relationships as we educate customers about the benefits of our current and future applications that they do not already utilize and of taking an integrated CEM approach.

- **Expand Our Partner Ecosystem.** We continue to expand our strategic partnerships with our channel partners, technology partners, and system integrators. We intend to further expand our partner ecosystem to open up new channels to market and to enable our customers to succeed with our technology and platform in their operations and business processes.
- **Introduce New Platform Improvements and Innovation to Target New Markets and Use Cases.** Our platform is highly flexible and can support the development of new applications to meet evolving safety and operational challenges. For example, throughout 2023, we announced a number of new platform enhancements to provide enterprises and governments with comprehensive risk intelligence and physical and digital resilience solutions. Leveraging our global network of over 36,000 security threat data sources, Everbridge’s situational awareness reports helped multi-national organizations around the world to navigate the Israel and Hamas conflict and the ongoing crisis in the Ukraine. We introduced *Everbridge 360™* which combines our Risk Intelligence, Communications, Collaboration, and Coordination capabilities into a single, modernized platform, streamlining operations and simplifying user experiences. *Everbridge 360* represents our most comprehensive, unified user interface to date, providing unparalleled intelligence and innovative capabilities to manage critical events seamlessly. We announced an important new patent related to the use of Artificial Intelligence (“AI”), applicable to technology such as analytics dashboards for CEM software systems. The patent granted to Everbridge highlights innovation with broad applicability, including pattern-recognition algorithms that operate on risk data to identify critical event management trends in order to execute visualizations via a graphical user interface. Also, we introduced a new AI-powered situational awareness tool, *DigitalOps Insights*, enabling incident commanders and resolvers to gain deep visibility into IT service disruptions. Available as part of Everbridge’s Digital Operations solutions bundle, *DigitalOps Insights* powered by xMatters provides Operations, IT, Network Operations Center, Security Operations Center, Service Desk, DevOps, and Site Reliability Engineer teams with enriched signals for better insight and actionable recommendations to accelerate response and minimize business impacts from service interruptions, unplanned events, and patch or security incidents.
- **Expand Our International Footprint.** We intend to continue to expand our local presence in regions such as Europe, the Middle East and Asia to leverage our relationships with local carriers and our ability to reach residents and visitors in almost all of the world’s countries and territories in several languages and dialects as well as expand our channel partnerships and also to opportunistically consider expanding in other regions.
- **Maintain Our Technology and Thought Leadership.** We will continue to invest in our core CEM platform and our applications to maintain our technology leadership position. For example, we believe that we are the only company today that provides a full, integrated CEM solution and that we provide the first solution to offer dynamic versus static location awareness integrated with analysis and communications for the employee safety and security marketplace. Further, we believe we have a competitive advantage through our commitment to innovation and thought leadership that has enabled us to take market share from our competitors and accelerate our growth.
- **Opportunistically Pursue Acquisitions.** Although we have paused material acquisitions, we do plan to continue to selectively pursue acquisitions of complementary businesses, technologies and teams that allow us to penetrate new markets and add features and functionalities to our platform.

## Our Platform

Since inception, our SaaS-based critical communications and resilience platform was architected on a single code base to deliver multi-tenant capability and the speed, scale and resilience necessary to communicate, collaborate and orchestrate the response to critical events, when they occur.

Additional core technical attributes of our platform include:

- Monitors more than 100 types of threat data and aggregates more than 36,000 security threat data sources for situation assessment and risk monitoring.

- Multi-tenant architecture that supports multiple layers of redundancy to maximize uptime and delivery of critical content, regardless of volume or throughput requirements.
- Dynamic spatial/geographic information system capability to geo-target communications by zip code, street address or a specific radius from a location.
- Support for two-way communications and alerting across a comprehensive range of different communication channels and devices, including wireless phones, landlines, hand-held communication and other voice-capable devices, desktop, satellite communication, cell broadcast, location-based SMS, SMS, two-way radios, TV, outdoor digital signage, sirens and internet enabled devices, social media and websites.
- Designed to meet rigorous security and compliance requirements for financial services firms, healthcare institutions, the U.S. federal government and other regulated industries, including facilitating compliance with health care requirements such as HIPAA's privacy and security obligations. We also have products that comply with NIST 800-53, holding more than 15 FedRAMP authorizations.
- Extensive set of APIs and configuration capabilities to allow customers and partners to easily integrate our platform with other systems. Our APIs' two-way invocation capabilities enable third-party systems to flexibly and easily integrate with our platform.
- Multi-channel visualization capabilities support integrated views of threats, incidents and status of response to improve management visibility and control.
- Supports easy-to-use native mobile applications, including multiple secure mobile applications for message initiation, management and reporting.
- Supports push notifications and two-way conversations that enable mobile users to send and receive secure messages such as text, pictures, videos and the users' current geographic locations.

### ***Our Contact Stores***

Our contact stores manage contact profiles and connections from more than 6,700 customers based in over 87 countries as of December 31, 2023. They are initially created through an upload of contacts from the customer and are automatically updated with the most current contact information provided by the customer or by individuals who opt-in to receive notification from our Community Engagement application. Our contact stores are simultaneously enriched by geographic, situational and other real-time data. Our contact stores are repositories for contact details, attributes and business rules and preferences, such as a person's last-known location, language spoken, special needs, technical certifications and on-call status.

We leverage the data contained in our contact stores in a number of significant ways. Our data asset across multiple verticals enables us to develop best practices for reaching the intended contact, on the correct device, at the right location, at the appropriate time. We also use these data to better understand our customer base and their emerging use cases in order to improve our existing applications and develop new applications.

### ***Everbridge Network***

An important component of our platform is our Everbridge Network, which allows our customers to share relevant situational awareness information with each other. Public safety agencies, for example, can publish information to the Everbridge Network about incidents that might prove disruptive to the movement of people, goods and services for businesses within a certain area. If any of those businesses are also customers of ours, they will receive this information from a source they know is vetted and reliable and will be able to take timely steps to mitigate or remediate the situation.

## Our Applications

Through our CEM platform, we deliver reliable enterprise-ready applications that provide organizations with the ability to assess threats, locate people, automate actions, monitor incident response, and deliver contextual communications in any volume, in near-real time. We have designed our applications' user interface to be easy to use. We understand that since some of our applications will be utilized to manage complex situations or to send large volumes of messages to key stakeholders during stressful situations, streamlining the user interface to reduce user errors and anxiety is essential. We conduct extensive usability testing and design reviews with our stakeholders, and have applied in our designs the lessons learned over more than a decade of working with critical communications users and professionals.

Our applications enable:

- Communications to key stakeholders during emergency situations.
- Corporate communications with customers and employees.
- Automated outreach to on-call personnel.
- Integrated threat assessment and visualization.
- Integration of physical security data with location awareness data gathered from travel, network and access systems to rapidly find and communicate with employees during disruptive events.
- Securely designed and efficiently implemented communications among healthcare providers and patients.
- Community engagement and collaboration with citizens and businesses.
- Critical Internet of Things ("IoT") communications between machines and from machines to people.
- Mobile response plan deployment and management of incidence response.

Our Critical Event Management solutions include:

- **Business Operations.** The environment in which businesses operate is becoming more and more complex. Critical events such as COVID-19, severe weather, civil unrest and supply chain disruption impact the resilience of businesses. Everbridge Business Operations helps businesses prepare for, and respond to, critical events, protecting facilities and business operations. Built on Everbridge's industry-leading CEM platform, businesses can detect potential risks which might impact business operations and orchestrate a response in seconds across teams as well as digital and physical systems.
- **People Resilience.** The increasing frequency of critical events such as severe weather, global pandemic and civil unrest over the past few years has challenged many organizations to extend their duty of care responsibilities beyond traditional safety and security in the workplace to include health and wellness of people. At the same time the scope of those responsibilities has moved beyond the traditional office and plant-based work model to work in motion where an employee could be working in the office, at home, in the field, or traveling. Everbridge People Resilience helps businesses prepare for, and respond to, critical events, keeping people healthy, safe, and productive wherever they work or travel around the globe. Built on Everbridge's industry-leading CEM platform, businesses can detect potential threats that might impact people, and orchestrate a rapid response across teams as well as digital and physical systems.

- **Digital Operations.** The Everbridge Digital Operations Platform goes one step beyond signal enrichment by combining signals from multiple monitoring tools into a relevant context that provides responders with clear situational awareness. Massive growth in digital service has both empowered businesses and exposed new vulnerabilities which expands the possibility of threats. A digital operations platform enables agile service delivery models, providing resiliency for IT systems in an increasingly virtual world. Organizations now consider great customer experiences imperative to their business and are pivoting towards streamlining and automating digital operations. As a result, service uptime is crucial to delivering that experience. Through event correlation, incident suppression, signal enrichment, context-rich categorization, and prioritization, organizations can monitor issues and react before an incident becomes a business problem. The Everbridge Digital Operations Platform enables customers to automate remedial actions based on previous incident resolution. Automating digital operations allows teams to open fewer tickets and spend less time chasing or reinventing the same resolution, leading to faster Mean Time to Repair (“MTTR”) and more time for innovation.
- **Smart Security.** Everbridge Smart Security helps organizations maintain control of their security by identifying threats to their people or assets and orchestrating a rapid response across teams and systems, all within an easy-to-use common platform. Theft, vandalism, violence, civil unrest, terrorism, and natural disasters are just some of the critical events security practitioners are faced with today. Keeping people safe and assets secure in the face of ever-increasing and ever-more diverse threats is a constant challenge for many organizations. Operations also continue to grow, involving more systems, more users, and much more data. All of this can be difficult to manage and costly to control. When a critical event unfolds and information floods an organization, it needs to get the right information to the right people at the right time to protect its people and their assets and to ensure operational continuity.
- **Public Safety.** Public Safety harnesses the ability to monitor critical events, alert the population, and mobilize a coordinated response across multiple agencies. The frequency of natural and human-made disasters is on the rise, and simultaneously, monitoring, collaborating, and communicating during incidents is becoming increasingly complex. For over 20 years, we have partnered with governments worldwide. From fires or floods to terrorist attacks, we have monitored potential hazards to help governments prepare and respond to incidents, and effectively provide the right people with the right information. Be it a country-wide emergency or a neighborhood outage, communities rely on Everbridge to keep them informed and safe.

With enterprise grade redundancy, scalability and uptime, the Everbridge platform has the ability to reach residents and visitors in almost all of the world’s countries and territories.

## Our Technology

The design and development of our applications, and our critical communication and critical event management platforms include the following key attributes:

- **Robust, Enterprise-Grade Scalability and Reliability.** Given the mission-critical nature of our solutions, our multi-tenant platform was designed to provide a robust, high level of resiliency, scalability and redundancy. We use multiple geographically distributed service providers and communications carriers to achieve a high degree of redundancy, fault tolerance and cost-effective operations. We have multiple layers of redundancy and a horizontal scaling model across our infrastructure to deliver high availability and performance. Similarly, we leverage redundant downstream communications providers to enable our services to remain uninterrupted even if a particular provider encounters technical difficulties.
- **Multi-Modal, Globally Local Communications Delivery.** We optimize international call routing across hundreds of telecommunications providers to enable higher voice quality, improved delivery rates during emergencies and the ability to configure local caller IDs to improve recognition and answer rates. We also work with multiple SMS providers to identify regulatory hurdles and deploy and actively manage an optimal mix of national and international SMS codes to ensure high delivery and response rates.

- **Security and Compliance.** Our Everbridge Suite solution achieved authorization under FedRAMP in 2018, that required satisfying a rigorous security and risk management review process and which we believe provides an advantage for selling into the U.S. federal sector. In 2019, our Critical Event Management platform received ISO 27001 certification and also received C5 accreditation under the Federal Office for Information Security in Germany.
- **Hybrid Infrastructure.** To provide highly scalable and global solutions, we employ redundant, geographically diverse production implementations of our platform infrastructure in multiple SOC 2-compliant data center facilities in North America and Europe. Within each data center, we utilize a hybrid-cloud architecture that enables us to leverage both proprietary and third-party infrastructure services to enable “on-demand” capacity and performance without substantial upfront investment. Our architecture enables our platform to dynamically determine the best location from which to deliver critical communications on behalf of our customers and solves many international communications delivery challenges by utilizing in-country or in-region telephony, messaging and data communication providers. Our infrastructure is continuously maintained and monitored by dedicated engineers based in redundant network operations centers in the Los Angeles and Boston areas.
- **Dynamic Location Detection.** Our platform can create and update dynamic data sets containing a contact’s last-known location, including the airport, street, building floor or conference room at which the contact was most recently present. Multiple data sources can be aggregated including building access control and badging systems, wired and wireless network access points, and corporate travel management and office hoteling systems. These data are used to best locate a contact in an emergency or critical business situation, independent of the contact’s home or office location. Contacts can also share their location via a three-in-one mobile panic button application, which sends a panic message to the applicable organization’s security team, and also includes the ability to send audio and video content, to check-in to capture and report geo-location data and to establish a safe corridor through a potentially unsafe area.

### **Our Comprehensive Customer Support Services**

We are committed to the success of our customers. We demonstrate this commitment by offering a comprehensive set of support services to help our customers get started quickly, follow best practices, and realize on-going value from our critical communications solution. Our support services include:

- **Rapid Onboarding.** We leverage a proven methodology and domain expertise, honed through thousands of Critical Event Management customer on-boardings worldwide, to enable rapid use of our platform and compliance with industry best practices. The average implementation time for standard implementations for new customers purchasing our solutions is 6 hours.
- **Everbridge University.** We offer online education, training and professional development through Everbridge University, with role-based training modules that can be customized to meet a customer’s needs and that can facilitate formalized knowledge transfer and ensure ongoing self-sufficiency.
- **Dedicated Account Management.** We assign dedicated account managers to all customers. Account managers perform regular service reviews and post-incident analyses of customer communications to incorporate communication best practices and recommend additional applications to meet the customer’s critical communications needs.
- **24/7 Technical Support & Emergency Live Operator Service.** We have established geographically redundant technical support centers in the Los Angeles, California; Boston, Massachusetts; and London, United Kingdom areas. From these support centers, we offer our customers 24/7 support by phone, email or through our online support center. In addition, our support centers offer a 24/7 emergency live operator service to assist customers with sending critical communications.

- **Premium Support Services.** With an understanding of the critical role that our solution plays, we have assembled an expert professional services organization to deliver premium support service packages to our customers. Our professional services team includes certified emergency management and critical communications practitioners. We believe that we help customers achieve faster time-to-value by providing on-site project management, consultation with a certified critical communications professional, creation of client-specific message and scenarios, development of ad-hoc report templates and on-site emergency and incident management reviews.

## **Our Customers**

Our customer base has grown from 867 customers at the end of 2011 to more than 6,700 customers as of December 31, 2023. We define a customer as a contracting entity from which we generated \$200 or more of revenue in the prior month, either directly or through a channel partner. As of December 31, 2023, our customers were based in over 87 countries and included the majority of FORTUNE 50 businesses, and many of the largest cities, airports, health systems, manufacturers, and universities around the world. We provide our applications to customers of varying sizes, including enterprises, small businesses, non-profit organizations, educational institutions and governmental agencies. Our customers span a wide variety of industries including technology, energy, financial services, healthcare and life sciences, manufacturing, media and entertainment, retail, higher education, and professional services. For the year ended December 31, 2023, 25% of our revenue was generated from public sector customers and 75% from private sector customers.

## **Sales and Marketing**

Our sales and marketing organizations collaborate to create brand preference, efficiently and effectively generate leads, build a strong sales pipeline and cultivate customer relationships to help drive revenue growth. Our marketing strategy is designed to elevate and drive alignment for the Everbridge brand to improve internal culture, provide clarity on the Everbridge vision, build a better understanding of our customers' needs, and deliver consistency in execution of the core brand. The Everbridge brand is the cornerstone of how we accelerate prospect acquisition, customer retention, and growth at scale through a productive and efficient marketing engine. Execution of our go-to-market strategy consists of a strong thought-leadership program, a digital marketing engine grounded in world-class customer experiences, and a diversified sales organization designed to efficiently sell across vertical markets to organizations of all sizes. We have dedicated global sales teams focused on corporate customers, healthcare organizations and government customers, which covers U.S. federal, state and local governmental entities.

## **Sales**

We sell our solutions through our business development and direct inside sales teams, a direct field sales team and a growing partner channel. Our global sales teams focus on both new customer acquisition and up-selling and cross-selling additional and new offerings, respectively, to our existing customers. Our sales teams are organized by tier (Elite, Premier, and Select) geography, consisting of the Americas; Asia Pacific, Europe, the Middle East and Africa (collectively, "EMEA"); as well as by target organization size. Our inside sales team focuses typically on small and middle-market transactions, while larger or more complex transactions are generally handled by our direct field sales teams. Our highly trained sales engineers help define customer use cases, manage pilots and train channel partners.

In addition to the vertical and geographic distribution of our salesforce, we have dedicated teams of account executives focused on net new accounts and growth of existing accounts, account managers responsible for renewal of existing accounts, and business development representatives targeting new and growth business opportunity creation. Our sales representatives use phone, email and web meetings to interact with prospects and customers. We intend to continue to invest in building our global sales and go-to-market organizations.

We also sell through channel partners both domestically and internationally. To help integrate our applications with other third-party services and take advantage of current and emerging technologies, we seek to enter into alliances with leading technology companies.

## **Marketing**

We focus our marketing efforts on elevating the strength of the Everbridge brand, communicating product advantages and business benefits, generating leads for our salesforce and channel partners, leveraging geographic market strengths and driving product adoption. We run campaigns that highlight the differentiators, benefits and value of the Everbridge solution through creating world-class digital experiences for prospects and customers globally. We deliver targeted content to demonstrate our thought leadership in critical communications best practices and use digital advertising methods to drive conversion of potential prospects, which convert to opportunities for our sales organization.

Our marketing team focuses on inbound marketing through our industry-leading content, resources, and sharing customer best practices. We rely on multiple marketing and sales automation tools to efficiently market to, and automatically identify qualified individuals using product and industry specific criteria. We use multiple marketing tactics to engage with prospective customers including: search engines (both paid and organic), email marketing, event marketing, print and digital advertising, and webinar events. We engage with existing customers to provide vertically-based education and awareness and to promote expanded use of our current and new software offerings within these customers. We also host regional and national events to engage both customers and prospects, deliver product training and foster community.

## **Research and Development**

We invest substantial resources in research and development and leverage offshore development in multiple geographies to implement a “follow the sun” engineering strategy and to increase the efficiency of our overall development efforts. We enhance our core technology platform and applications, develop new end market-specific solutions and applications, and conduct application and quality assurance testing. Our technical and engineering team monitors and tests our applications on a regular basis, and we maintain a regular release process to refine, update, and enhance our existing applications.

## **Our Competition**

The market for CEM solutions is highly fragmented, intensely competitive and constantly evolving. We compete with an array of established and emerging companies, many of whom are single product or single market focused, as well as in-house solutions. We view CEM as a holistic solution that allows organizations to digitally transform their critical event management processes. These processes are siloed in a variety of ways in different organizations. Similarly, solutions from competitors in the field often are siloed by smaller functions across the holistic CEM solution. CEM includes Mass Notification, Risk Control, Public Warning, IT Alerting and Incident Management, and Control Center systems. The primary competitors for our Mass Notification applications include AlertMedia, BlackBerry Limited, F24 AG, OnSolve, LLC and Rave Mobile Safety. The primary competitors for our Risk Center application include Crisis24 Limited and Dataminr, Inc. The primary competitors for our Public Warning application include Celltick, Intersec and Genasys, Inc. For IT Alerting and Incident Management, our primary competitor is PagerDuty, Inc. For Control Center, our primary competitor is Genetec. The primary competitors for our Travel Risk Management application include Crisis24 and International SOS. Some competitors in siloed solutions are beginning to converge and build strategies that follow our CEM platform strategy. With the introduction of new technologies and market entrants, we expect the competitive environment to remain intense going forward.

We believe that we compete favorably with respect to all of these factors and that we are well positioned as a leading provider of targeted and contextually relevant critical communications. In a recent technology research report, Everbridge was recognized as a leader in *The Forrester Wave™: Critical Event Management Platforms, Q4 2023* analysis. Everbridge received the highest possible score in fifteen criteria including: vision, innovation, partner ecosystem, as well as criteria within the current offering category, including employee mass communication, physical threat intelligence, travel risk management, orchestration and automation, and reporting and analytics, among others.

## Intellectual Property

Our future success and competitive position depend in part on our ability to protect our intellectual property and proprietary technologies. To safeguard these rights, we rely on a combination of patent, trademark, copyright and trade secret laws and contractual protections in the United States and other jurisdictions.

We have numerous issued patents and patent applications pending in the United States and in various other countries. We cannot assure you that any patents will issue from any patent applications, that patents that issue from such applications will give us the protection that we seek or that any such patents will not be challenged, invalidated, or circumvented. Any patents that may issue in the future from our pending or future patent applications may not provide sufficiently broad protection and may not be enforceable in actions against alleged infringers.

We have registered the “EVERBRIDGE,” “NIXLE” and “VISUAL COMMAND CENTER” marks in the United States and have registered the “EVERBRIDGE” mark in the United Kingdom and the European Union. We have registrations and/or pending applications for additional marks in the United States and in various other countries; however, we cannot assure you that any future trademark registrations will be issued for pending or future applications or that any registered trademarks will be enforceable or provide adequate protection of our proprietary rights.

We also license software from third parties for integration into our offerings, including open source software and other software available on commercially reasonable terms. We cannot assure you that such third parties will maintain such software or continue to make it available.

We are the registered holder of a variety of domestic and international domain names that include everbridge.com, as well as similar variations on that name.

In order to protect our unpatented proprietary technologies and processes, we rely on trade secret laws and confidentiality agreements with our employees, consultants, vendors and others. Despite our efforts to protect our proprietary technology and trade secrets, unauthorized parties may attempt to misappropriate, reverse engineer or otherwise obtain and use them. In addition, others may independently discover our trade secrets, in which case we would not be able to assert trade secret rights, or develop similar technologies and processes. Further, the contractual provisions that we enter into may not prevent unauthorized use or disclosure of our proprietary technology or intellectual property rights and may not provide an adequate remedy in the event of unauthorized use or disclosure of our proprietary technology or intellectual property rights.

If we become more successful, we believe that competitors will be more likely to try to develop solutions that are similar to ours and that may infringe our proprietary rights. It may also be more likely that competitors or other third parties will claim that our solutions infringe their proprietary rights.

Patent and other intellectual property disputes are common in our industry and we have been involved in such disputes from time to time in the ordinary course of our business. Some companies, including some of our competitors, own large numbers of patents, copyrights and trademarks, which they may use to assert claims against us. Third parties may in the future assert claims of infringement, misappropriation or other violations of intellectual property rights against us. They may also assert such claims against our customers whom we typically indemnify against claims that our solution infringes, misappropriates or otherwise violates the intellectual property rights of third parties. As the numbers of products and competitors in our market increase and overlaps occur, claims of infringement, misappropriation and other violations of intellectual property rights may increase. Any claim of infringement, misappropriation or other violation of intellectual property rights by a third party, even those without merit, could cause us to incur substantial costs defending against the claim and could distract our management from our business.

## Government Regulation

The legal environment of Internet-based businesses is evolving rapidly in the United States and elsewhere. The manner in which existing laws and regulations are applied in this environment, and how they will relate to our business in particular, both in the United States and internationally, is often unclear. For example, we sometimes cannot be certain which laws will be deemed applicable to us given the global nature of our business, including with respect to such topics as data privacy and security, pricing, advertising, taxation, and intellectual property ownership and infringement.

Our customers, and those with whom they interact using our product and platform solutions, upload and store personally identifiable information and other data into our solutions and provide access to such data, generally without any restrictions imposed by us. This presents legal challenges to our business and operations, such as rights of privacy related to the data used in connection with our solutions. Both in the United States and internationally, we must monitor and comply with a host of legal concerns regarding the data stored and processed in our solutions by customers. We must also monitor and comply with these issues directly in the operation of our business in these jurisdictions.

HIPAA imposes requirements relating to the privacy, security and transmission of individually identifiable health information on certain health care providers, health care clearinghouses, and health plans, known as covered entities, as well as independent contractors, or agents of covered entities that create, receive or obtain individually identifiable health information in connection with providing a service on behalf of a covered entity, known as a business associates and their downstream subcontractors.

We are subject to data privacy and security regulation by data protection authorities in countries throughout the world, by the U.S. federal government, and by the states in which we conduct our business. In recent years, there have been a number of well-publicized data breaches involving the improper use and disclosure of personal information of individuals. Many governing authorities have responded to these incidents by enacting laws requiring holders of personal information to maintain safeguards and to take certain actions in response to a data breach, such as providing prompt notification of the breach to affected individuals and public officials, or amending existing laws to expand compliance obligations. In the European Union, U.S. companies must meet specified privacy and security standards, such as the European General Data Protection Regulation, or the GDPR, which governs the protection of individuals with regard to the processing of personal data, and on the free movement of such data established in the European Union to certain non-European Union countries, such as the United States. Additionally, the data protection laws of each of the European member countries require comprehensive data privacy and security protections for consumers with respect to personal data collected about them. The European Court of Justice upheld the validity of Standard Contractual Clauses, which we will continue to use as a legal mechanism for the transfer of data between the EU and the U.S., although these mechanisms are still subject to legal challenges. We have and will continue to engage in efforts to ensure that data transfers from the European Economic Area comply with the GDPR and the data protection legislation of individual member states.

In the United States, many federal, state, and foreign government bodies and agencies have adopted, or are considering adopting, laws and regulations regarding the collection, use, and disclosure of personal information. California enacted the California Consumer Privacy Act (“CCPA”), as amended by the California Privacy Rights Act of 2020 (“CPRA”), that among other things, requires covered entities to provide new disclosures to California consumers, affords such consumers new abilities to opt-out of certain sales of personal information, and gives such consumers a private right of action to enforce data breaches resulting from the covered entity’s violation of its duty to implement and maintain reasonable security measures.

Our healthcare customers are subject to broad healthcare fraud and abuse laws that may require us to modify our typical business practices and the manner in which we interact with these customers to ensure compliance with such healthcare fraud and abuse laws.

For a discussion of risks related to these various areas of government regulation, see Risk Factors set forth in Part I, Item 1A of this Annual Report on Form 10-K.

## Human Capital Management

### *Culture and Governance*

#### *Culture*

We believe that our culture has been a key contributor of our success to-date and that our mission, with the critical nature of the solutions that we provide, promotes a sense of greater purpose and fulfillment for our employees. We have invested in building an intentional global culture and believe it represents one of our most important and sustainable sources of competitive advantage. We are committed to making sure that every team member understands our core values which shape our culture and define who we are:

- **Customer First:** We always strive to elevate the voice of our customers. We believe exemplary performance is made possible when we turn our attention towards those we serve, both internally and externally.
- **Learning:** We empower others with knowledge and believe in fostering a workplace where employees and teams are fueled by innovation and learning.
- **Integrity:** We do the right thing even when nobody is watching. We behave honestly, and consistently adhere to the highest ethical standards because it is the right thing to do.
- **People:** People are the heart of our mission. We believe in empowering people to create positive change and we celebrate employees as wholly unique individuals, ensuring they can achieve wellbeing, connection, and fulfillment.

To drive adoption, we re-designed our peer-to-peer annual employee recognition program in 2023 to recognize employees who embody our core values. We received over 180 nominations and recognized 29 employees from across the globe. Employees recognized as part of this program were invited to participate in a values-based leadership development program as well as receive career mentoring from members of the Executive Leadership Team.

Further, we launched our first annual Volunteer Week to drive employee engagement with our People value by supporting local causes and philanthropic events in their communities. Through this program, employees participated in group, individual, and virtual events across several countries, supporting projects in the communities where our employees live and work.

#### *Governance*

Our Board and Board committees provide oversight on certain human capital matters. The Compensation Committee of our Board acts on behalf of the Board to review, adopt and approve our compensation strategy, policies, plans and programs, including, among others, reviewing and approving corporate performance goals and objectives relevant to the compensation of our executive officers and other senior management, evaluating and approving the compensation plans and programs advisable for us, and administration of our equity compensation plans, stock purchase plan, bonus plans, and other similar plans and programs.

#### *2022 Strategic Realignment*

During 2022, our Board approved the 2022 Strategic Realignment, as amended, which includes a targeted realignment and reduction of headcount, facilities and other third-party spend. For further information, see Note 20, Restructuring and Restructuring-Related Activities, of the notes to consolidated financial statements.

## ***Diversity and Inclusion***

We prioritize diversity, equity, inclusion and belonging (“DEIB”) to create a workplace that reflects the customers and populations we serve. We demonstrate our commitment to DEIB by focusing on several key initiatives. This includes aligning our hiring and recruiting practices to attract a diverse and talented workforce; creating employee resource groups dedicated to celebrating and empowering communities within our organization, including women, employees of color, employees who identify as LGBTQ+, and members of the military and first responders; and supporting a growing ecosystem of minority-owned and led suppliers and partners. As of December 31, 2023, 33% of our global workforce was female, 22% of vice president and above roles globally were female, and non-Caucasian employees represented 26% of our U.S. workforce. We are committed to increasing the diversity of our workforce, and during the year ended December 31, 2023, 31% of our U.S. hires were female and 21% were non-Caucasian.

Additionally, in 2023 we created an internal steering committee and engaged an external consultant to evaluate our DEIB strategy and overall effectiveness. We completed an initial assessment of our current practices and expect to execute a roadmap to address gaps in 2024.

## ***Labor Practices and Policies***

### ***Work Hours, Wages and Benefits***

We compensate employees competitively relative to the industry and local labor market. We work to ensure full compliance with applicable wage, work hours, overtime and benefits laws. We assess the current business environment and labor market to refine our compensation and benefits programs.

In addition to salaries, our compensation and benefit programs (which may vary by country and location) include annual bonuses, stock-based compensation awards, an Employee Stock Purchase Plan, retirement savings plans, healthcare and insurance benefits including long-term care insurance, health savings and flexible spending accounts, paid time off, volunteer time off, parental leave, adoption assistance and military leave, among many other benefits.

### ***Safe and Healthy Workplace and Workplace Security***

We seek to comply with all health and safety laws applicable to our business. To this end, we consult with employees to help keep work areas safe and free of hazardous conditions. Additionally, we are committed to maintaining a workplace free from violence, harassment, intimidation and other unsafe or disruptive conditions due to internal and external threats. We believe it is paramount to use our own CEM solutions to help us achieve our health and safety goals. We continue to take a variety of measures, including by using our own CEM solutions, to communicate to our employees and help keep them safe.

## ***Workforce, Recruiting, Development and Retention***

### ***Workforce Size***

As of December 31, 2023, we had 1,593 full-time employees, including 393 in data center operations and customer support, 488 in sales and marketing, 528 in research and development and 184 in general and administrative. As of December 31, 2023, we had 804 full-time employees in the United States and 789 full-time employees internationally. None of our U.S. employees are covered by collective bargaining agreements. We believe our employee relations are good and we have not experienced any work stoppages.

### ***Recruiting***

Our key talent philosophy is to develop talent from within and supplement with external hires. Our talent acquisition team uses internal and external resources to recruit highly skilled and talented workers, and we encourage employee referrals for open positions. Measurements of our progress include the percentage of internal candidates sourced and attrition rates. During 2023, 4% of positions were filled by candidates sourced internally and our attrition rate was 16%. We also develop our talent pipeline with programs such as our internship program. During 2023, we engaged over 40 interns across various departments and geographies, representing approximately 40% gender diversity.

### *Workforce Development*

We are committed to investing in our employees through professional training and development to ensure the highest possible performance for our customers while retaining our employees to grow their careers at Everbridge. We achieve this through several avenues, including skills training within functional departments, education reimbursement and a manager development program, Leading High Performing Teams (“LHPT”). LHPT is an evolution of our Manager Development Program, which was created to help grow our people managers and provide a path to leadership. We offer a wide variety of content and resources to maximize development. Since the program started in 2019, hundreds of employees have participated in training and there was approximately 95% agreement by respondents that the program was beneficial and should be continued.

The Everbridge Performance Management Program was designed to meet several key objectives including providing feedback to enhance performance, providing developmental guidance to grow skills, experience and careers, aligning individual effort to organizational objectives and recognizing achievements and contributions. During 2023, participation in the annual review process was 95%.

In 2023, we invested in LinkedIn Learning®, a powerful platform providing access to over 16,000 courses and videos covering a wide range of topics, including business, technology, creative skills, and more. LinkedIn Learning® supports employees to develop new skills, enhance job performance, and stay up-to-date with the latest trends and best practices in their roles and across the industry. As an organization, we leveraged the platform to provide training to all employees related to AI and Digital Dexterity to support remote-first work and in the first year, employees completed approximately 13 thousand video modules and over 400 courses in the platform.

The Nominating and Corporate Governance Committee of our Board develops and periodically reviews with our Chief Executive Officer plans for succession to the offices of our executive officers and makes recommendations to the Board with respect to the selection of appropriate individuals to succeed to these positions.

### *Employee Engagement and Satisfaction*

We conduct an annual employee engagement survey to gauge overall employee satisfaction. The survey is an opportunity for employees to provide anonymous feedback on topics ranging from leadership and management, to opportunities for career growth, to work-life balance and diversity, equity and inclusion. The results of the survey are used to develop our annual corporate and department business plans as well as direct the efforts of our People team.

In 2022, we launched an annual Manager Effectiveness Survey to give additional focus to our people leaders and use this specific feedback to understand what is going well, and where we have opportunities for growth within our management group. We utilize the results to determine what learning and development initiatives we can provide to our leaders that will be the most impactful to ensure we achieve our company’s objectives and key results in 2024.

In 2023, we launched a Digital First initiative and framework to make Everbridge a best in class, digital-first enterprise. As part of this initiative, we reviewed the need to make space for building common understanding, psychological safety and prosocial purpose that are the foundation of high-performing teams in order to be successful in a remote-first environment during our bi-annual leadership meeting. Common understanding involves getting clarity of the team’s tasks and the talents of each team member; psychological safety is built from respect and trust in the team; and prosocial purpose is connecting our work to the benefit of others. To that end, each leader who attended the training is creating team charters which are intended to help us be intentional about developing shared understanding and help improve the way we work together. We expect the team charters to be completed in 2024.

## Environmental, Social and Governance

Our 2023 Everbridge Sustainability Report, available on our website at <https://www.everbridge.com/about/sustainability-at-everbridge/> (the contents of our website are not a part of this Annual Report on Form 10-K and are not incorporated by reference herein), highlights how our solutions play a key role in supporting our customers' environmental, social and governance ("ESG") goals and the actions we are taking to improve our own resilience by tracking and measuring our impact on the environment, how we're investing in our employees and how we are improving our overall governance.

Under the oversight of our Board, directly and indirectly through its various committees, we have taken important steps to refine our own approach to sustainability by enhancing disclosure pertaining to ESG and developing new policies and processes to align our strategy and operations with key sustainability principles. We are also exploring ways to use our proprietary technology to gather and analyze alerting trends which can enable us to identify the environmental risks that are most likely to impact the safety of our employees.

### *Our Approach to Sustainability*

Everbridge's sustainability program comprises of two core pillars: customer benefits delivered by our platform to governments, citizens and employees, and our internal focus on being an exemplary corporate steward. Our 2023 Sustainability Report seeks to highlight ESG impacts that are pertinent to our business.

### *ESG Solutions*

We empower enterprises and government organizations to anticipate, mitigate, respond to and recover stronger from critical events. Our Public Safety solutions protect residents, government officials and visitors. Our People Resilience Solutions enable organizations with hybrid work environments to protect their people whether they are working from home, remotely or on-site. Our unique suite of solutions supports businesses, executives and security professionals in upholding "Duty of Care" to keep their people safe at home, in the office or traveling and in upholding "Duty of Loyalty" to establish and monitor information systems related to oversight of mission critical risks.

### *Governance*

Everbridge believes that doing business with integrity is the only way to do business. We are committed to our uncompromising ethical standards and to setting best practices for our industry. Our business is grounded in responsible corporate governance, reporting and business practices that we believe strengthen long-term value for our stakeholders.

### *Social*

Just as our solutions foster resilient communities, we similarly cultivate a safe, supportive and inclusive environment where our own employees can thrive. We are a mission-driven organization with a demonstrated commitment to our employees' success. We invest in the professional and personal growth of our workforce and bring together diverse perspectives to solve complex challenges. Our people build and own the company culture, enforce our values and fuel our continued innovation and growth.

### *Environmental*

- ***Solutions for Climate Adaptation.*** Across the globe, both public and private sectors are more concerned than ever about addressing climate change and its associated risks. During severe weather events, enterprises, educational institutions and government agencies have a responsibility to respond effectively and efficiently in order to protect people, assets and facilities from harm. As a result, changes in laws and business practices may create more demand for our products in the short and long term.

Everbridge's Public Safety solutions protect residents, government officials and visitors and play a critical role in nations' climate adaptation and pandemic prevention strategies by offering efficient and effective early warning and preparedness systems. The alerts provided during climate-related disasters, including floods, wildfires and tsunamis are vital for enabling citizens to reach safety and protect their material property. Furthermore, maintaining a consistent state of readiness for medical and emergency supplies serves as a fundamental measure in preventing and controlling pandemic surges, as demonstrated in the case of COVID-19.

Climate change is driving more severe weather events across the globe. Our multi-tenant platform was designed to navigate mission-critical events and provide a robust, high level of resiliency, scalability and redundancy. We use multiple geographically distributed service providers and communications carriers to achieve a high degree of redundancy, fault tolerance and cost-effective operations. We have multiple layers of redundancy and a horizontal scaling model across our infrastructure to deliver high availability and performance. Similarly, we leverage redundant downstream communications providers to enable our services to remain uninterrupted even if a particular provider encounters technical difficulties.

#### *Managing Environmental Impact and Risks*

- **Climate Strategy.** During 2023, in accordance with the Taskforce for Climate-Related Financial Disclosures ("TCFD") recommendations, we began the process of identifying climate-related risks and opportunities that may directly or indirectly affect our operations and financial performance. As recommended by the TCFD, we are identifying governance practices and strategies to manage climate-related risks and opportunities with the goal of developing strong climate-risk management procedures, metrics and targets.
- **SaaS Infrastructure.** We actively monitor and analyze environmental data provided by our providers related to our cloud usage to make informed choices regarding resource allocation and to drive efficiency improvements. We are implementing strategies internally to reduce our cloud computing footprint, such as the number of hosts we use, to reduce the impact of our data center usage.
- **Office and Employee Impact.** We are committed to reducing our physical footprint as part of a move towards a "digital first" workplace.

#### **Facilities**

Our principal executive offices are located in Burlington, Massachusetts, where we occupy an approximately 36,700 square-foot facility under an amended lease expiring on May 31, 2031. Our principal executive offices are also located in Pasadena, California, where we occupy an approximately 19,000 square-foot facility as of December 31, 2023. During 2024, we will reduce our Pasadena, California occupancy to approximately 7,100 square-feet under an amended lease entered into in 2023, which will expire on January 1, 2031. We also have additional offices in the United States as well as internationally including Canada, China, Germany, India, Netherlands, New Zealand, Norway, Singapore, Sweden, Switzerland and the United Kingdom.

#### **Corporate Information**

Our principal executive offices are located at 25 Corporate Drive, Suite 400 Burlington, Massachusetts. Our telephone number is (818) 230-9700. Our website address is [www.everbridge.com](http://www.everbridge.com).

"Everbridge, Inc.," the Everbridge logo, and other trademarks or service marks of Everbridge, Inc. appearing in this Annual Report on Form 10-K are the property of Everbridge, Inc. This Annual Report on Form 10-K contains additional trade names, trademarks and service marks of others, which are the property of their respective owners. Solely for convenience, trademarks and trade names referred to in this Annual Report on Form 10-K may appear without the ® or TM symbols.

### **Available Information**

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are made available free of charge on or through our website at <http://ir.everbridge.com> as soon as reasonably practicable after such reports are filed with, or furnished to, the Securities and Exchange Commission (“SEC”). The SEC also maintains a website, [www.sec.gov](http://www.sec.gov), which contains reports and other information regarding issuers that file electronically with the SEC. We are not, however, including the information contained on our website, or information that may be accessed through links on our website, as part of, or incorporating such information by reference into, this Annual Report on Form 10-K.

We use our website, our corporate Facebook page (@Everbridge or <https://www.facebook.com/everbridgeinc>), our corporate Twitter account (@Everbridge or <https://twitter.com/everbridge>), our corporate Instagram account (@Everbridge or <https://www.instagram.com/everbridge>), our corporate LinkedIn account (@Everbridge or <https://www.linkedin.com/company/everbridge>), and our corporate YouTube channel (@EverbridgeInc or <https://www.youtube.com/@everbridgeinc>) as channels of distribution of material company information. For example, financial and other material information regarding our company is routinely posted on and accessible at [www.everbridge.com](http://www.everbridge.com). Accordingly, investors should monitor these channels, in addition to following our press releases, SEC filings and public conference calls and webcasts. The contents of our website and social media channels are not, however, a part of this Annual Report on Form 10-K and are not incorporated by reference herein.

## **Item 1A. Risk Factors.**

*Our operations and financial results are subject to various risks and uncertainties including those described below. You should consider carefully the risks and uncertainties described below, in addition to other information contained in this Annual Report on Form 10-K, including our consolidated financial statements and related notes, as well as our other public filings with the Securities and Exchange Commission. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business. If any of the following risks or others not specified below materialize, our business, financial condition and results of operations could be materially adversely affected. In that case, the trading price of our common stock could decline.*

### **Summary of Risk Factors**

Investing in our common stock involves a high degree of risk because our business is subject to numerous risks and uncertainties, as fully described below. The following is a summary of the principal factors and uncertainties that make investing in our common stock risky. The following is a summary only and should be read in conjunction with Part I, Item 1A “Risk Factors” and the other information contained in this Annual Report on Form 10-K.

#### ***Risks Related to Our Proposed Merger with Thoma Bravo***

- The announcement and pendency of our agreement to be acquired by affiliates of Thoma Bravo may have an adverse effect on our business and results of operations and our failure to complete the Merger could have an adverse effect on our business, financial condition, results of operations and stock price.
- While the Merger is pending, we are subject to business uncertainties and contractual restrictions that could harm our business relationships, financial condition, results of operations, and business.
- Litigation regarding the Merger may arise, which could be costly, prevent consummation of the Merger, divert management’s attention and otherwise harm our business.
- The Merger Agreement contains provisions that could discourage a potential competing acquiror from making a favorable alternative transaction proposal and, in specified circumstances, could require us to pay substantial termination fees to Thoma Bravo.

#### ***Risks Related to Our Business and Industry***

- If our business does not grow as we expect, or if we fail to manage our growth effectively, our operating results and business prospects would suffer.
- We have not been profitable on a consistent basis historically and may not achieve or maintain profitability in the future.
- If we are unable to renew or increase sales of our Mass Notification application, or if we are unable to increase sales of our other applications or add new applications, our business and operating results could be adversely affected.
- We operate in an emerging, evolving, and competitive market, and if we cannot expand our platform and applications to meet the demands of this market or effectively compete against competitors, our revenue may decline and we may incur operating losses.
- Our quarterly operating results may vary from period to period, which could result in our failure to meet expectations with respect to operating results and cause the trading price of our stock to decline.
- Our failure to effectively complete and integrate acquired technologies, assets or businesses may harm our financial results.
- We have identified a material weakness in our internal control over financial reporting.
- Because our long-term growth strategy involves further expansion of our sales to customers outside the United States, our business will be susceptible to risks associated with international operations.
- Implementation of our 2022 Strategic Realignment or simplification strategies may not be successful, which could affect our ability to increase our revenues or could reduce our profitability.

#### ***Risks Related to Cybersecurity and Reliability***

- The nature of our business, involving public safety threats and critical business events, exposes us to inherent liability risks.

- Compromise or unauthorized access to our data or the data of our customers or their employees could harm our business and our customers, cause customers to curtail or cease their use of our applications, damage our reputation, and cause us to incur significant liabilities.
- Interruptions or delays in service from our third-party data center providers could impair our ability to make our platform and applications available to our customers, resulting in customer dissatisfaction, damage to our reputation, loss of customers, limited growth, and reduction in revenue.

***Risks Related to Data Privacy and Government Regulation***

- We are subject to governmental laws and regulations, particularly related to privacy, data protection and information security, and our actual or perceived failure to comply with such obligations could harm our business.
- Compliance with governmental laws and regulations could impair our efforts to maintain and expand our customer base, and thereby decrease our revenue.
- If our applications fail to function in a manner that allows our customers to operate in compliance with regulations and/or industry standards, our revenue and operating results could be harmed.

***Risks Related to Our Intellectual Property***

- If we fail to protect our intellectual property and proprietary rights adequately, our business could be harmed.
- An assertion by a third party that we are infringing its intellectual property could subject us to costly and time-consuming litigation or expensive licenses that could harm our business and results of operations.
- The use of open source software in our platform and applications may expose us to additional risks and harm our intellectual property.

***Risks Related to Ownership of Our Common Stock***

- Our stock price may be volatile and you may lose some or all of your investment.
- We may fail to meet our publicly announced guidance or other expectations about our business and future operating results, which would cause our stock price to decline.
- Conversions of the 2026 Notes and the 2024 Notes may dilute the ownership interest of existing stockholders to the extent we elect to satisfy our conversion obligation by delivering shares of our common stock. It may also otherwise depress the price of our common stock.
- We are obligated to maintain a system of effective internal control over financial reporting and any failure to maintain the adequacy of these internal controls may harm investor confidence in our company and, as a result, the value of our common stock.
- Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our common stock.
- Activist investor actions threatened or commenced against us could cause us to incur substantial costs, divert management’s attention and resources, cause uncertainty about the strategic direction of our business and adversely affect our business, financial position and results of operations.

***Risks Related to Our Indebtedness***

- We issued convertible notes that have rights senior to our common stock.
- Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt.
- The conditional conversion feature of the 2026 Notes and 2024 Notes, may adversely affect our financial condition and operating results.
- Legislative actions and new accounting pronouncements are likely to impact our future financial position or results of operations.

***Risks Related to Taxation and General Risks***

- We may have additional tax liabilities from sales taxes, inability to use net operating losses (“NOLs”), or changes in regulations, any or all of which could change our effective tax rate or tax liability and have an adverse effect on our results of operations.
- We face exposure to foreign currency exchange rate fluctuations.
- Uncertain or weakened global economic conditions may adversely affect our industry, business and results of operations.

## Risks Related to Our Proposed Merger with Thoma Bravo

*The announcement and pendency of our agreement to be acquired by affiliates of Thoma Bravo may have an adverse effect on our business and results of operations and our failure to complete the Merger could have an adverse effect on our business, financial condition, results of operations and stock price.*

On February 4, 2024, we entered into the Merger Agreement with Parent and Merger Sub. Completion of the Merger remains subject to customary closing conditions, including (1) the adoption of the Merger Agreement by the holders of a majority of the voting power of the outstanding shares of common stock of the Company, (2) the expiration or early termination of the applicable waiting period under the HSR Act and the receipt of other specified regulatory approvals and (3) the absence of an order or law preventing the Merger. In addition, the obligation of each party to consummate the Merger is conditioned upon, among other things, the accuracy of the representations and warranties of the other party (subject to certain materiality exceptions), and material compliance by the other party with its covenants under the Merger Agreement.

The Merger may be delayed, and may ultimately not be completed, due to a number of factors, including:

- the failure to obtain the expiration or termination of the waiting period applicable to the Merger pursuant to the HSR Act, or any other regulatory approval, clearance or condition that may become applicable to the Merger, before the Termination Date or at all;
- potential future stockholder litigation and other legal and regulatory proceedings, including litigation by the Department of Justice seeking to block the completion of the Merger, which could prevent, materially restrain, or materially impair the consummation of the Merger;
- the failure of any remaining closing condition to be satisfied before the Termination Date, after which time either Everbridge or Parent may be entitled to terminate the Merger Agreement; and
- the failure to satisfy any other conditions to the completion of the Merger, including the possibility that a Company material adverse effect would permit Parent not to close the Merger.

If the Merger does not close, we may suffer other consequences that could adversely affect our business, financial condition, results of operations, and stock price, and our stockholders would be exposed to additional risks, including:

- to the extent that the current market price of our stock reflects an assumption that the Merger will be completed, the market price of our common stock could decrease if the Merger is not completed;
- investor confidence in us could decline, stockholder litigation could be brought against us, relationships with existing and prospective customers, service providers, investors, lenders and other business partners may be adversely impacted, we may be unable to retain key personnel, and our operating results may be adversely impacted due to costs incurred in connection with the Merger;
- any disruptions to our business resulting from the announcement and pendency of the Merger, including adverse changes in our relationships with customers, suppliers, partners and employees, may continue or intensify in the event the Merger is not consummated or is significantly delayed;
- the risks related to the diversion of attention of Everbridge management or employees during the pendency of the Merger; and
- the requirement that we pay Parent a termination fee under certain circumstances that give rise to the termination of the Merger Agreement.

There can be no assurance that our business, relationships with other parties, liquidity or financial condition will not be adversely affected, as compared to the condition prior to the announcement of the Merger, if the Merger is not consummated. Even if successfully completed, there are certain risks to our stockholders from the Merger, including:

- we may experience a departure of employees prior to the closing of the Merger;

- the amount of cash to be paid under the Merger Agreement is fixed and will not be adjusted for changes in our business, assets, liabilities, prospects, outlook, financial condition or operations;
- any change in the market price of, analyst estimates of, or projections relating to, our common stock;
- receipt of the all-cash per share merger consideration under the Merger Agreement is taxable to stockholders that are treated as U.S. holders for U.S. federal income tax purposes; and
- if the Merger is completed, our stockholders will forego the opportunity to realize the potential long-term value of the successful execution of our current strategy as an independent company.

***While the Merger is pending, we are subject to business uncertainties and contractual restrictions that could harm our business relationships, financial condition, results of operations, and business.***

During the period prior to the closing of the Merger and pursuant to the terms of the Merger Agreement, our business is exposed to certain inherent risks and contractual restrictions that could harm our business relationships, financial condition, results of operations, and business, including:

- potential uncertainty in the marketplace, which could lead current and prospective customers to purchase products from other providers or delay purchasing from us;
- difficulties maintaining existing and/or establishing business relationships, including business relationships with significant customers, suppliers and partners;
- the possibility of disruption to our business and operations resulting from the announcement and pendency of the Merger, including diversion of management attention and resources;
- the inability to attract and retain key personnel and recruit prospective employees, and the possibility that our current employees could be distracted, and their productivity decline as a result, due to uncertainty regarding the Merger;
- the inability to pursue alternative business opportunities or make changes to our business pending the completion of the Merger, and other restrictions on our ability to conduct our business;
- our inability to freely issue securities, incur certain indebtedness, declare or authorize any dividend or distribution, or make certain material capital expenditures without Parent's approval;
- the amount of the costs, fees, expenses and charges related to the Merger Agreement and the Merger, including but not limited to the cost of professional services, insurance and any legal proceeding that may be instituted against us, which may materially and adversely affect our financial condition; and
- other developments beyond our control, including, but not limited to, changes in domestic or global economic conditions that may affect the timing or success of the Merger.

If any of these effects were to occur, it could adversely impact our business, cash flow, results of operations or financial condition, as well as the market price of our common stock and our perceived value, regardless of whether the Merger is completed.

***The Merger Agreement contains provisions that could discourage a potential competing acquirer from making a favorable alternative transaction proposal and, in specified circumstances, could require us to pay substantial termination fees to Thoma Bravo.***

Beginning as of the date of the Merger Agreement and continuing until 11:59 p.m. Eastern Time on February 29, 2024 (the “Go-Shop Period”), Everbridge has the right to, among other things, (1) solicit alternative acquisition proposals from any third party that has contacted or had material discussions with the Company or its financial advisor regarding a potential acquisition proposal within the six month period prior to the date of the Merger Agreement (each, a “Specified Party”), (2) provide information (including nonpublic information) to any Specified Party in connection therewith pursuant to an acceptable confidentiality agreement, and (3) initiate or continue discussions with any Specified Party in connection therewith. Following the date of the Merger Agreement (or, solely with respect to any Specified Parties, following the Go-Shop Period), Everbridge agreed to be subject to customary restrictions on its ability (and the ability of its subsidiaries and representatives) to (1) solicit, initiate, propose or induce the making or knowingly encourage, facilitate or assist alternative acquisition proposals from third parties, (2) subject to certain exceptions, provide nonpublic information relating to Everbridge or any of its subsidiaries to third parties regarding alternative acquisition proposals or (3) engage in discussions or negotiations with, third parties regarding alternative acquisition proposals. In addition, Everbridge has agreed that, subject to certain exceptions, the Board will not withdraw its recommendation that the stockholders of the Company vote to adopt the Merger Agreement and approve the Merger. Unless the Merger Agreement is terminated in accordance with its terms, we are required to hold a meeting of our stockholders to vote on the adoption of the Merger Agreement. In addition, if we terminate the Merger Agreement, we may be required to pay a termination fee. Such provisions of the Merger Agreement could discourage or deter a third party that may be willing to pay more than Thoma Bravo for our outstanding common stock from considering or proposing such an acquisition of Everbridge.

### **Risks Related to Our Business and Industry**

***If our business does not grow as we expect, or if we fail to manage our growth effectively, our operating results and business prospects would suffer.***

In 2023, our revenue increased by \$16.9 million for the year ended December 31, 2023 compared to 2022, due in part to the increase in our customer base.

However, our business may not continue to grow quickly or at all in the future, which would adversely affect our revenue and business prospects. Our business growth depends on a number of factors including:

- our ability to execute upon our business plan effectively;
- our ability to acquire new customers and renew agreements with existing customers;
- our ability to further sell to our existing customers new applications and features and to additional departments in their organizations;
- our ability to develop new applications to target new markets and use cases;
- our ability to expand our international footprint;
- the growth of the market in which we operate;
- our ability to maintain our technology leadership position; and
- our ability to acquire and integrate complementary business, technologies and teams.

Further, our growth has placed, and will continue to place, a strain on our managerial, operational, financial and other resources, and our future operating results depend to a large extent on our ability to successfully manage our anticipated expansion and growth. To manage our growth successfully and handle the responsibilities of being a public company, we believe we must effectively, among other things:

- increase our customer base and upsell and cross-sell additional and new applications to our existing customers;
- invest in sales and marketing and expand our channel partner relationships;
- develop new applications that target new markets and use cases;
- expand our international operations; and
- improve our platform and applications, financial and operational systems, procedures and controls.

We intend to continue our investment in sales and marketing, platform and applications, research and development, and general and administrative functions and other areas to grow our business. We are likely to recognize the costs associated with these investments earlier than some of the anticipated benefits and the return on these investments may be lower, or may develop more slowly, than we expect, which could adversely affect our operating results.

For example, our investments in deploying generative artificial intelligence and machine learning technologies (“AI/ML”) may be substantial, and may be more expensive than anticipated. We must attract, develop and retain individuals with the requisite technical expertise and understanding of customers’ needs to develop these new technologies and introduce new products. New lines of business, new products, and other initiatives related to, or that rely upon, AI/ML may be costly, difficult to operate and monetize, increase regulatory scrutiny and liability and litigation risk, and divert management’s attention, and there is no guarantee that they will be positively received by our community or provide positive returns on our investment. New products or features related to, or that rely upon, AI/ML may have technical issues that diminish the performance of our products. In addition, new products or features that we launch may ultimately prove unsuccessful or no longer fit with our priorities, and may be eliminated in the future. If we do not successfully develop new approaches to monetization that successfully leverage AI/ML or meet the expectations of our customers, we may not be able to maintain or grow our revenue as anticipated or recover any associated development costs, and our business could be seriously harmed.

If we are unable to manage our growth effectively in a manner that preserves the key aspects of our corporate culture, we may not be able to take advantage of market opportunities or develop new applications or upgrades to our existing applications and we may fail to satisfy customer requirements, maintain the quality and security of our applications, execute on our business plan or respond to competitive pressures, which could result in our financial results suffering and a decline in our stock price.

***We have not been profitable on a consistent basis historically and may not achieve or maintain profitability in the future.***

We have posted a net loss in each year since inception, including net losses of \$47.3 million, \$61.2 million and \$94.8 million in the years ended December 31, 2023, 2022 and 2021, respectively. As of December 31, 2023, we had an accumulated deficit of \$449.4 million. While we have experienced revenue growth in recent periods, we are not certain whether or when we will obtain a high enough volume of sales of our applications to sustain or increase our growth or achieve or maintain profitability in the future. Our ability to achieve or maintain profitability also has been and will continue to be impacted by non-cash stock-based compensation. We also expect our costs to increase in future periods, which could negatively affect our future operating results if our revenue does not increase. In particular, we expect to continue to expend substantial financial and other resources on:

- sales and marketing, including an expansion of our sales organization, both domestically and internationally;
- research and development related to our platform and applications, including investments in our research and development team;

- continued international expansion of our business; and
- general and administration expenses, including legal and accounting expenses related to being a public company.

These investments may not result in increased revenue or growth in our business. If we are unable to increase our revenue at a rate sufficient to offset the expected increase in our costs, our business, financial position and results of operations will be harmed, and we may not be able to achieve or maintain profitability over the long term. Additionally, we may encounter unforeseen operating expenses, difficulties, complications, delays and other unknown factors that may result in losses in future periods. If our revenue growth does not meet our expectations in future periods, our financial performance may be harmed, and we may not achieve or maintain profitability in the future.

***To date, we have derived a portion of our revenue from the sale of our Mass Notification application. If we are unable to renew or increase sales of this application, or if we are unable to increase sales of our other applications, our business and operating results could be adversely affected.***

We expect to continue to derive a portion of our revenue from sales of our Mass Notification application in the near term. As a result, our operating results could suffer due to:

- any decline in demand for our Mass Notification application;
- pricing or other competitive pressures from competing products;
- the introduction of applications and technologies that serve as a replacement or substitute for, or represent an improvement over, our Mass Notification application;
- technological innovations or new standards that our Mass Notification application does not address; and
- sensitivity to current or future prices offered by us or competing solutions.

Because of our reliance on our Mass Notification application, our inability to renew or increase sales of this application or a decline in prices of this application would harm our business and operating results more seriously than if we derived significant revenue from a variety of applications. Any factor adversely affecting sales of our historical or new applications, including release cycles, market acceptance, competition, performance and reliability, reputation and economic and market conditions, could adversely affect our business and operating results.

***If we are unable to develop upgrades to our platform, develop new applications, sell our platform and applications into new markets or further penetrate our existing market, our revenue may not grow.***

Our ability to increase sales will depend in large part on our ability to enhance and improve our platform and applications, introduce new applications in a timely manner, develop new use cases for our platform and further penetrate our existing market. The success of any enhancement to our platform or new applications depends on several factors, including the timely completion, introduction and market acceptance of enhanced or new applications, the ability to maintain and develop relationships with channel partners and communications carriers, the ability to attract, retain and effectively train sales and marketing personnel and the effectiveness of our marketing programs. Any new application that we develop or acquire may not be introduced in a timely or cost-effective manner, and may not achieve the broad market acceptance necessary to generate significant revenue. Any new markets into which we attempt to sell our applications, including new vertical markets and new countries or regions, may not be receptive. Our ability to further penetrate our existing markets depends on the quality of our platform and applications and our ability to design our platform and applications to meet consumer demand. Any failure to enhance or improve our platform and applications as well as introduce new applications may adversely affect our revenue growth and operating results.

***If we are unable to attract new customers and retain existing customers, our business and results of operations will be affected adversely.***

To succeed, we must continue to attract new customers and retain existing customers who desire to use our existing CEM solutions and new products we introduce from time to time. Acquiring new customers is a key element of our continued success, growth opportunity, and future revenue. We will continue to invest in a direct sales force combined with a focused channel strategy designed to serve the various requirements of our target customer base. Any failures by us to execute in these areas will negatively impact our business. The rate at which new and existing customers purchase our products depends on a number of factors, many of which are outside of our control. For example, a deterioration in macroeconomic conditions in the markets we operate in including as a result of the ongoing conflict between Russia and Ukraine and the evolving situation in the Middle East, a slower than expected recovery from the pandemic, or for other reasons could have a negative impact on our customers, which could adversely impact our ability to attract new customers and retain existing customers. Changes in the corporate workforce from in-person to remote, or a shift in the patterns of work-related travel coming out of the COVID-19 pandemic, may impact how our customers view their CEM needs. Our future success also depends on retaining our current customers at acceptable retention levels. Our retention rates may decline or fluctuate as a result of a number of factors outside our control, including competition, customers' budgeting and spending priorities, and overall general economic conditions in the geographic regions in which we operate. For example, the COVID-19 pandemic caused customers to request concessions such as extended payment terms. Customers may delay or cancel CEM projects or seek to lower their costs by renegotiating existing vendor contracts. If our customers do not renew their subscriptions for our products and services, our revenue would decline and our business would suffer. In future periods, our total customers and revenue could decline or grow more slowly than we expect.

***If we are unable to sell additional services, features and products to our existing customers, our future revenue and operating results will be harmed.***

A significant portion of our revenue growth is generated from sales of additional services, features and products to existing customers. Our future success depends, in part, on our ability to continue to sell such additional services, features and products to our existing customers. We devote significant efforts to developing, marketing, and selling additional services, features and products and associated professional services to existing customers and rely on these efforts for a portion of our revenue. These efforts require a significant investment in building and maintaining customer relationships, as well as significant research and development efforts in order to provide upgrades and launch new services, features, and products. The rate at which our existing customers purchase additional services, features, and products depends on a number of factors, including the perceived need for additional CEM solutions, the efficacy of our current services, the perceived utility and efficacy of our new offerings, our customers' budgets, and general economic conditions in the geographic regions in which we operate, which may be impacted by, among other things, the economic uncertainty resulting from the global geopolitical tension due to the ongoing conflict between Russia and Ukraine, the evolving situation in the Middle East and consequences associated with COVID-19. Any new applications we develop or acquire might not be introduced in a timely or cost-effective manner and might not achieve the broad market acceptance necessary to generate significant revenue. In addition, if customers demand customized solutions and services that we do not offer, our upfront development costs would increase, which could negatively impact our operating results. If any of our competitors implements new technologies before we are able to implement them or better anticipates market opportunities, those competitors may be able to provide more effective or cheaper products than ours. If our efforts to sell additional services, features, and products to our customers are not successful, our future revenue and operating results will be harmed.

***Our business depends substantially on customers renewing their subscriptions with us and a decline in our customer renewals would harm our future operating results.***

In order for us to maintain or improve our operating results, it is important that our customers renew their subscriptions with us when the existing subscription term expires. Although the majority of our customer contracts include auto-renew provisions, our customers have no obligation to renew their subscriptions upon expiration, and we cannot provide assurance that customers will renew subscriptions at the same or higher level of service, if at all, particularly given the economic uncertainty resulting from the global geopolitical tension due to the ongoing conflict between Russia and Ukraine, the evolving situation in the Middle East and consequences associated with COVID-19 pandemic, changes in how employees work and travel, and other macroeconomic factors such as increasing inflation. The rate of customer renewals may decline or fluctuate as a result of a number of factors, including our customers' satisfaction or dissatisfaction with our solutions, the effectiveness of our customer support services, our pricing, the prices of competing products or services, mergers and acquisitions affecting our customer base, or reductions in our customers' spending levels or general economic conditions in the geographic regions in which we operate, which may be impacted by, among other things, the economic uncertainty and volatility resulting from the ongoing war between Russia and Ukraine, the evolving situation in the Middle East, consequences of the COVID-19 pandemic and other macroeconomic factors such as increasing inflation. If our customers do not renew their subscriptions, or renew on less favorable terms, our revenue may decline, and we may not realize improved operating results from our customer base.

***Failure to effectively develop and expand our sales and marketing capabilities could harm our ability to acquire new customers and achieve broader market acceptance of our platform and applications.***

To increase total customers and achieve broader market acceptance of our platform and applications, we will need to expand our sales and marketing organization, including the vertical and geographic distribution of our salesforce and our teams of account executives focused on new accounts, account managers responsible for renewal and growth of existing accounts, and business development representatives targeting new and growth business opportunity creation. We expect to continue to rely on our sales force to obtain new customers and grow revenue from our existing customer base and we will continue to dedicate significant resources to our global sales and marketing organizations. The effectiveness of our sales and marketing teams has varied over time and may vary in the future, and depends in part on our ability to maintain and improve our platform and applications. All of these efforts will require us to invest significant financial and other resources and we are unlikely to see the benefits, if any, of these increases until future periods after incurring these expenses. Our business will be seriously harmed if our efforts do not generate a correspondingly significant increase in revenue. We may not achieve revenue growth from expanding our salesforce if we are unable to hire, develop and retain talented sales personnel, if our new sales personnel are unable to achieve desired productivity levels in a reasonable period of time or if our sales and marketing programs are not effective.

***If we are unable to successfully hire, train, manage and retain qualified personnel, especially those in sales and marketing and research and development, our business may suffer.***

We continue to be substantially dependent on our sales force to obtain new customers and increase sales with existing customers and our research and development personnel to continue to innovate and support our platform. Our ability to successfully pursue our growth strategy will also depend on our ability to attract, motivate and retain our personnel, especially those in sales, marketing, and research and development. We intend to continue to expand our global sales force, and we face a number of challenges in achieving our hiring goals. For instance, there is significant competition for sales personnel, including sales engineers, with the sales skills and technical knowledge that we require, including experience selling to large enterprise customers. We face intense competition for these employees from numerous technology, software and other companies, especially in certain geographic areas in which we operate, and we cannot ensure that we will be able to attract, motivate and/or retain sufficient qualified employees in the future. If we are unable to attract new employees and retain our current employees, we may not be able to adequately develop and maintain new products or professional services or market our existing products or professional services at the same levels as our competitors and we may, therefore, lose customers and market share. Our failure to attract and retain personnel, especially those in sales and marketing positions for which we have historically had a high turnover rate, could have an adverse effect on our ability to execute our business objectives and, as a result, our ability to compete could decrease, our operating results could suffer, and our revenue could decrease. We invest significant time and resources in training new personnel to understand our solutions. In general, new hires require significant training and substantial experience before becoming productive. Our recent hires and planned hires may not become as productive as we require, and we may be unable to hire or retain sufficient numbers of qualified individuals in the future in the markets where we currently operate or where we seek to conduct business. Our business and operating results may be materially and adversely impacted if the efforts to retain our sales and marketing and research and development personnel are not successful.

***The nature of our business exposes us to inherent liability risks.***

Our solutions, including our Mass Notification, Safety Connection, IT Alerting, Risk Intelligence, Public Warning, Community Engagement, Crisis Management, CareConverge, Control Center, Travel Protector, SnapComms and E911, are designed to communicate life-saving or damage-mitigating information to the right people, on the right device, in the right location, at the right time during public safety threats and critical business events. In addition, certain of our solutions are designed to identify crisis events applicable to a customer and assist in responding to them. Due to the nature of such solutions, we are potentially exposed to greater risks of liability for employee acts or omissions or system failures than may be inherent in other businesses. Although substantially all of our customer and partner agreements contain provisions limiting our liability to our customers and partners, we cannot assure you that these limitations will be enforced or the costs of any litigation related to actual or alleged omissions or failures would not have a material adverse effect on us even if we prevail. Further, certain of our insurance policies and the laws of some states may limit or prohibit insurance coverage for punitive or certain other types of damages or liability arising from gross negligence and we cannot assure you that we are adequately insured against the risks that we face.

***Environmental, social and governance (“ESG”) expectations and standards expose the Company to risks that could adversely affect the Company’s reputation and performance.***

Standards for identifying, measuring and reporting ESG matters continue to evolve, including requirements for ESG-related practices and disclosures that may be required of companies by securities regulators and customers. If the Company’s ESG practices or disclosures, including with respect to such matters as board and employee diversity and climate-related disclosures, do not meet evolving investor, customer, or other stakeholder expectations, standards, and policies, then the Company’s attractiveness as an investment, business partner, acquiror or service provider, as well as the reputation of the Company and its ability to attract or retain employees, could be negatively impacted. Further, the Company’s failure or perceived failure to pursue or fulfill ESG objectives or to satisfy applicable reporting standards on a timely basis, or at all, could have similar negative impacts or expose the Company to government enforcement actions and private litigation.

***Because we generally recognize revenue ratably over the term of our contract with a customer, downturns or upturns in sales will not be fully reflected in our operating results until future periods.***

Our revenue is primarily generated from subscriptions to our critical event management applications. Our customers generally do not have the right to take possession of our software platform and applications. Revenue from subscriptions, including additional fees for items such as incremental usage, is recognized ratably over the subscription period beginning on the date that the subscription is made available to the customer. Our agreements with our customers typically range from one to three years. As a result, much of the revenue that we report in each quarter is attributable to agreements entered into during previous quarters. Consequently, a decline in sales, customer renewals or market acceptance of our applications in any one quarter would not necessarily be fully reflected in the revenue in that quarter, and would negatively affect our revenue and profitability in future quarters. This ratable revenue recognition also makes it difficult for us to rapidly increase our revenue through additional sales in any period, as revenue from new customers generally is recognized over the applicable agreement term.

***If our estimates or judgements relating to our critical accounting policies prove to be incorrect, our results of operations could be adversely affected.***

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Significant estimates and judgments involve revenue recognition and include others such as: the valuation of our stock-based compensation awards, including the determination of fair value of our common stock, among others. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the market price of our common stock.

***We operate in an emerging and evolving market, which may develop more slowly or differently than we expect. If our market does not grow as we expect, or if we cannot expand our platform and applications to meet the demands of this market, our revenue may decline, fail to grow or fail to grow at an accelerated rate, and we may incur operating losses.***

The market for CEM solutions is in its early stages, and it is uncertain whether this market will continue to develop, and even if it does mature, how rapidly or how consistently it will develop or whether our platform and applications will be accepted into the markets in which we operate and plan to operate. Our success will depend, to a substantial extent, on the widespread adoption of our platform and applications as an alternative to historical mass notification systems. Some organizations may be reluctant or unwilling to use our platform and applications for a number of reasons, including concerns about additional costs, uncertainty regarding the reliability and security of cloud-based offerings or lack of awareness of the benefits of our platform and applications. Many organizations have invested substantial personnel and financial resources to integrate traditional on-premises applications into their businesses or have substantial security or compliance concerns, and therefore may be reluctant or unwilling to migrate to cloud-based applications. Our ability to expand sales of our platform and applications into new markets depends on several factors, including the awareness of our platform and applications; the timely completion, introduction and market acceptance of enhancements to our platform and applications or new applications that we may introduce; our ability to attract, retain and effectively train sales and marketing personnel; our ability to develop relationships with channel partners and communication carriers; the effectiveness of our marketing programs; the costs of our platform and applications; and the success of our competitors. If we are unsuccessful in developing and marketing our platform and applications into new markets, or if organizations do not perceive or value the benefits of our platform and applications, the market for our platform and applications might not continue to develop or might develop more slowly than we expect, either of which would harm our revenue and growth prospects.

***The markets in which we participate are competitive, and if we do not compete effectively, our operating results could be harmed.***

The market for critical event management solutions is highly fragmented, competitive and constantly evolving. With the introduction of new technologies and market entrants, we expect that the competitive environment in which we compete will remain intense going forward. Some of our competitors have made or may make acquisitions or may enter into partnerships or other strategic relationships to provide a more comprehensive offering than they individually had offered or achieve greater economies of scale. In addition, new entrants not currently considered to be competitors may enter the market through acquisitions, partnerships or strategic relationships. We compete on the basis of a number of factors, including:

- application functionality, including local and multi-modal delivery in international markets;
- breadth of offerings;
- performance, security, scalability and reliability;
- compliance with local regulations and multi-language support;
- brand recognition, reputation and customer satisfaction;
- ease of application implementation, use and maintenance; and
- total cost of ownership.

We face competition from in-house solutions, large integrated systems vendors and established and emerging cloud and SaaS and other software providers. Our competitors vary in size and in the breadth and scope of the products and services offered. Many of our competitors and potential competitors have greater name recognition, longer operating histories, more established customer relationships, larger marketing budgets and greater resources than we do. While some of our competitors provide a platform with applications to support one or more use cases, many others provide point-solutions that address a single use case. Further, other potential competitors not currently offering competitive applications may expand their offerings to compete with our solutions. Our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards and customer requirements. An existing competitor or new entrant could introduce new technology that reduces demand for our solutions. In addition to application and technology competition, we face pricing competition. Some of our competitors offer their applications or services at a lower price, which has resulted in pricing pressures. Some of our larger competitors have the operating flexibility to bundle competing applications and services with other offerings, including offering them at a lower price as part of a larger sale. For all of these reasons, we may not be able to compete successfully and competition could result in reduced sales, reduced margins, losses or the failure of our applications to achieve or maintain market acceptance, any of which could harm our business.

***We may not be able to scale our business quickly enough to meet our customers' growing needs and if we are not able to grow efficiently, our operating results could be harmed.***

As usage of our platform and applications grows, we will need to continue making significant investments to develop and implement new applications, technologies, security features and cloud-based infrastructure operations. Meeting our customers' growing needs will require the introduction of compelling new features, intelligence modules and capabilities that reflect the changing nature of our market to maintain and improve the quality, speed, and value of our platform. In addition, we will need to appropriately scale, maintain, or update our internal business systems and our services organization, including customer support and professional services, to serve our growing customer base, particularly as our customer demographics change over time. The success of any enhancement to our platform depends on several factors, including availability, frequent updates, analytics reflecting current commercial intelligence, competitive pricing, adequate quality testing, integration with existing technologies and overall market acceptance. Any failure of, or delay in, these efforts could impair the performance of our platform and applications and reduce customer satisfaction. Even if we are able to upgrade our systems and expand our staff, any such expansion may be expensive and complex, requiring management's time and attention. To the extent that we do not effectively scale our platform and operations to meet the growing needs of our customers, we may not be able to grow as quickly as we anticipate, our customers may reduce or cancel use of our applications and professional services, we may be unable to compete effectively and our business and operating results may be harmed.

***Our quarterly operating results may vary from period to period, which could result in our failure to meet expectations with respect to operating results and cause the trading price of our stock to decline.***

Our operating results, including the levels of our revenue, renewal rates, cash flows, deferred revenue and gross margins, have historically varied from period to period, and we expect that these items will continue to do so as a result of a number of factors, many of which are outside of our control, including:

- the level of demand for our products and services;
- customer renewal rates and ability to attract new customers;
- the extent to which customers purchase additional products or services;
- the mix of our products and services sold during a period;
- network outages, security breaches, technical difficulties or interruptions with our products;
- changes in the growth rate of the markets in which we compete;
- sales of our products and services due to seasonality and customer demand;
- the timing and success of new product or service introductions by us or our competitors or any other changes in the competitive landscape of its industry, including consolidation among our competitors;
- the introduction or adoption of new technologies that compete with our offerings;
- decisions by potential customers to purchase critical event management products or services from other vendors;
- the amount and timing of operating costs and capital expenditures related to the operations and expansion of our business;
- price competition;
- our ability to successfully manage and integrate our previous acquisitions and any future acquisitions of businesses, including the acquisitions of RedSky, xMatters and Anvil and including without limitation the amount and timing of expenses and potential future charges for impairment of goodwill from acquired companies;
- our ability to establish and grow relationships with partners to market and sell our products and services;
- our continued international expansion and associated exposure to changes in foreign currency exchange rates;
- the amount and timing of operating expenses related to the maintenance and expansion of our business, operations and infrastructure;
- the success or perceived success of our 2022 Strategic Realignment;
- the announcement or adoption of new regulations and policy mandates or changes to existing regulations and policy mandates, including any changes relating to the United Kingdom's exit from the European Union, commonly referred to as "Brexit;"
- the cost or results of existing or unforeseen litigation and intellectual property infringement;
- general economic conditions, both domestically and internationally, as well as economic conditions related to the COVID-19 pandemic, the war in Ukraine and the evolving situation in the Middle East;
- the impact of natural disasters or manmade problems such as terrorism or war; and
- future accounting pronouncements or changes in our accounting policies.

Fluctuations in our quarterly operating results, key metrics, non-GAAP metrics and the price of our common stock may be particularly pronounced in the current economic environment due to the uncertainty caused by the ongoing war in Ukraine, the evolving situation in the Middle East and the impact of public health crises, including the COVID-19 pandemic. Each factor above or discussed elsewhere herein or the cumulative effect of some of these factors may result in fluctuations in our operating results. This variability and unpredictability could result in our failure to meet expectations with respect to operating results, or those of securities analysts or investors, for a particular period. If we fail to meet or exceed expectations for our operating results for these or any other reasons, the market price of our stock could fall and we could face costly lawsuits, including securities class action suits.

Due to the foregoing factors and the other risks discussed in this Annual Report on Form 10-K, you should not rely on quarter-to-quarter comparisons of our results of operations as an indication of our future performance nor should you consider our recent revenue growth or results in any single period to be indicative of our future performance.

***Changes in the mix of sizes or types of businesses or government agencies that purchase our platform and applications purchased or used by our customers could affect our operating results.***

We have sold and will continue to sell to enterprises of all sizes, municipal and regional governmental agencies, non-profit organizations, educational institutions and healthcare organizations. Sales to larger organizations may entail longer sales cycles and more significant selling efforts. Selling to small businesses may involve greater credit risk and uncertainty. Changes in the sizes or types of businesses that purchase our applications could cause our operating results, including revenue recognition, to be adversely affected.

***If we fail to offer high-quality customer support, our business and reputation may suffer.***

We offer our customers implementation services and 24/7 support through our customer support centers as well as education, professional development and certification through Everbridge University in addition to a range of consulting services. Consulting service offerings include onsite implementation packages, Certified Emergency Management professional operational reviews, dedicated client care representatives, custom web-based training and development of client-specific communications materials to increase internal awareness of system value.

Providing this education, training and support requires that our personnel who manage our training resources or provide customer support have specific experience, knowledge and expertise, making it more difficult for us to hire qualified personnel and to scale up our support operations. Additionally, some of our customer support services are provided by employees who work remotely and, because of the challenges of working remotely, including collaborating with and managing employees, it may take significant time before our new hires and/or support centers achieve full productivity, if at all. The importance of high-quality customer support will increase as we expand our business and pursue new customers and larger organizations and we may be unable to respond quickly enough to accommodate short-term increases in customer demand for support services or scale our services if our business grows or our support centers do not achieve full productivity. We also may be unable to modify the format of our support services, including the inability to reduce the number of remote customer support service providers given many professionals desire a fully remote work setting, or change our pricing to compete with changes in support services provided by our competitors. Increased customer demand for these services, without corresponding revenue, could increase our costs and harm our operating results. If we do not help our customers use applications within our platform and provide effective ongoing support, our ability to sell additional applications to, or to retain, existing customers may suffer and our reputation with existing or potential customers may be harmed.

***Acquisitions could disrupt our business and harm our financial condition and operating results.***

We have in the past and may in the future seek to acquire additional businesses, products or technologies. We also may evaluate and consider other potential strategic transactions, including investments in businesses, technologies, services, products and other assets in the future. We also may enter into relationships with other businesses to expand our platform and applications, which could involve preferred or exclusive licenses, additional channels of distribution, discount pricing or investments in other companies. Achieving the anticipated benefits of past or future acquisitions and other strategic transactions will depend in part upon whether we can integrate acquired operations, products, and technology in a timely and cost-effective manner and successfully market and sell these as new product offerings, or as new features within our existing offerings.

For example, we acquired Red Sky Technologies Inc. (“RedSky”) in January 2021, xMatters Holdings, Inc. (“xMatters”) in May 2021 and The Anvil Group (International) Limited, Anvil Worldwide Limited and The Anvil Group Limited (collectively, “Anvil”) in November 2021. The integration of these businesses and any other acquisitions may prove to be difficult due to the necessity of coordinating geographically separate organizations and integrating personnel with disparate business backgrounds and accustomed to different corporate cultures, business operations, and internal systems. We may need to implement or improve controls, procedures, and policies at a business that prior to the acquisition may have lacked sufficiently effective controls, procedures and policies. The acquisition and integration processes are complex, expensive and time consuming, and may cause an interruption of, or loss of momentum in, product development, sales activities, and operations of both companies. Further, we may be unable to retain key personnel of an acquired company following the acquisition. If we are unable to effectively execute or integrate acquisitions, the anticipated benefits of such acquisition, including sales or growth opportunities or targeted synergies may not be realized, and our business, financial condition and operating results could be adversely affected.

In addition, we may only be able to conduct limited due diligence on an acquired company’s operations or may discover that the products or technology acquired were not as capable as we thought based upon the initial or limited due diligence. Following an acquisition, we may be subject to unforeseen liabilities arising from an acquired company’s past or present operations and these liabilities may be greater than the warranty and indemnity limitations that we negotiate. Any unforeseen liability that is greater than these warranty and indemnity limitations could have a negative impact on our financial condition. The acquisitions we have completed in the past and any other acquisitions we complete will give rise to risks, including:

- incurring higher than anticipated capital expenditures and operating expenses;
- failing to assimilate the operations and personnel or failing to retain the key personnel of the acquired company or business;
- failing to integrate the acquired technologies, or incurring significant expense to integrate acquired technologies, into our platform and applications;
- disrupting our ongoing business;
- diverting our management’s attention and other company resources;
- failing to maintain uniform standards, controls and policies;
- incurring significant accounting charges;
- impairing relationships with our customers and employees;
- finding that the acquired technology, asset or business does not further our business strategy, that we overpaid for the technology, asset or business or that we may be required to write off acquired assets or investments partially or entirely;
- failing to realize the expected synergies of the transaction;
- being exposed to unforeseen liabilities and contingencies that were not identified prior to acquiring the company; and
- being unable to generate sufficient revenue and profits from acquisitions to offset the associated acquisition costs.

Fully integrating an acquired technology, asset or business into our operations may take a significant amount of time. We may not be successful in overcoming these risks or any other problems encountered with acquisitions. To the extent that we do not successfully avoid or overcome the risks or problems related to any such acquisitions, our results of operations and financial condition could be harmed. Acquisitions also could impact our financial position and capital requirements, or could cause fluctuations in our quarterly and annual results of operations. Acquisitions could include significant goodwill and intangible assets, which may result in future impairment charges that would reduce our stated earnings. In addition, failure to maintain effective financial controls and reporting systems and procedures during and after integration of an acquired business could also impact our ability to produce timely and accurate financial statements. We may incur significant costs in our efforts to engage in strategic transactions and these expenditures may not result in successful acquisitions.

We expect that the consideration we might pay for any future acquisitions of technologies, assets, businesses or teams could include stock, rights to purchase stock, cash or some combination of the foregoing. If we issue stock or rights to purchase stock in connection with future acquisitions, net income per share and then-existing holders of our common stock may experience dilution.

***We rely on the performance of our senior management and highly skilled personnel, and if we are unable to attract, retain and motivate well-qualified employees, our business and results of operations could be harmed.***

We believe our success has depended, and continues to depend, on the efforts and talents of our senior management and key personnel. Our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and we may incur significant costs to attract them. In addition, the loss of any of our senior management or key personnel could interrupt our ability to execute our business plan, as such individuals may be difficult to replace. Our ability to hire and retain other key employees needed to achieve the Company's growth objectives also depends on our ability to manage the existing equity incentive pool. If the equity pool is not refreshed, there is a risk that we may not be able to hire and retain such key employees. If the equity pool is refreshed with authorized shares of the Company that are issued in accordance with our 2016 Equity Incentive Plan, our stockholders will be diluted. Further, if we do not maintain a reasonable equity burn rate, our stockholders may be overly diluted and this may impact our ability to obtain shareholder approval to refresh our equity pool. If we do not succeed in attracting well-qualified employees or retaining and motivating existing employees, our business and results of operations could be harmed.

***We have undergone, and may continue to experience, changes to our executive leadership team and senior management, and our future success will depend in part on our ability to manage these transitions successfully.***

From time to time, there may be changes to our executive leadership team and senior management for various reasons, including as a result of the hiring, departure or realignment of key personnel, particularly as a result of the recently announced entry into a Merger Agreement with Thoma Bravo. Such changes may adversely impact our operations, programs, growth, financial condition and results of operations. In 2022 and 2023, we had several changes to our executive leadership team and senior management as a result of organizational changes and may continue to have such changes, including within our sales teams. In February 2024, we announced the departure of our Chief Financial Officer Patrick Brickley and the appointment of our new Chief Financial Officer David Rockvam. Any significant leadership change or senior management transition involves inherent risk and any failure to ensure the timely and suitable replacement and a smooth transition could hinder our strategic planning, business execution and future performance. In particular, these or any future leadership transitions may result in a loss of personnel with deep institutional or technical knowledge and changes in business strategy or objectives and have the potential to disrupt our operations and relationships with employees and customers due to added costs, operational inefficiencies, changes in strategy, decreased employee morale and productivity, and increased turnover. Additionally, we be unable to retain key personnel and recruit prospective employees, and the possibility that our current employees could be distracted, and their productivity decline as a result, due to uncertainty regarding the Merger.

If we are unable to successfully manage changes to our executive leadership team and senior management, we could experience significant delays or difficulty in the achievement of our development and strategic objectives and our business, financial condition and results of operations could be materially and adversely harmed.

***If we are unable to effectively increase sales of our solutions to large organizations while mitigating the risks associated with serving such customers, our business, financial position and results of operations may suffer.***

Our growth strategy is dependent, in part, upon increasing sales of our solutions to large enterprises and governments. Sales to large customers involve risks that may not be present (or that are present to a lesser extent) with sales to smaller entities. These risks include:

- increased purchasing power and leverage held by large customers in negotiating contractual arrangements with us;
- unfavorable contact terms;
- more stringent and complicated implementation processes, including stricter implementation deadlines and penalties for any failure to meet such deadlines;
- more complex, stringent or costly requirements imposed upon us in our support service contracts with such customers, including stricter support response times and penalties for any failure to meet support requirements;
- longer sales cycles, substantial upfront sales costs, and the associated risk that substantial time and resources may be spent on a potential customer that ultimately elects not to purchase our platform or purchases less than we hoped;
- closer relationships with, and dependence upon, large technology companies who offer competitive products; and
- more pressure for discounts and write-offs.

In addition, our ability to successfully sell our services to large enterprises is dependent on us attracting and retaining sales personnel, including sales engineers, with experience in selling to large organizations. Also, because security breaches with respect to larger, high-profile enterprises are likely to be heavily publicized, there is increased reputational risk associated with serving such customers. If we are unable to increase sales of our offerings to large enterprise and government customers while mitigating the risks associated with serving such customers, our business, financial position and results of operations may suffer.

***Our revenue growth will depend in part on the success of our efforts to augment our direct-sales channels by developing relationships with third parties.***

We rely largely on the direct-sales model to market our platform. In order to continue to build our business, we plan to continue to develop partnerships to support our sales efforts through referrals and co-selling arrangements. Our efforts to develop relationships with partners are still at an early stage, we have generated limited revenue through these relationships to date, and we cannot assure you that we will be able to develop and maintain successful partnerships or that these partners will be successful in marketing and selling our platform or solutions based upon our platform. Identifying partners, negotiating and supporting relationships with them and maintaining relationships requires a significant commitment of time and resources that may not yield a significant return on our investment. We expect that our partners will have only limited commitments to dedicate resources to marketing and promoting our solutions. In addition, our competitors may be more effective in providing incentives to our partners or prospective partners to favor their products or services over our solutions. If we are unsuccessful in establishing or maintaining our relationships with partners, or if these partners are unsuccessful in marketing or selling our solutions or are unable or unwilling to devote sufficient resources to these activities, our ability to compete in the marketplace or to grow our revenue could be impaired and our operating results may suffer. Further, new or emerging technologies, technological trends or changes in customer requirements may result in certain third parties de-emphasizing their dealings with us or becoming potential competitors in the future.

***We have identified a material weakness in our internal control over financial reporting and our management has concluded that our internal control over financial reporting and disclosure controls and procedures were not effective as of the end of the period covered by this report. While we are working to remediate the identified material weakness, we cannot assure you that additional material weaknesses or significant deficiencies will not occur in the future. If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. As a result, our stockholders could lose confidence in our financial reporting, which could harm our business and the trading price of our common stock.***

Management, including our Chief Executive Officer and our Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2023, and concluded that we did not maintain effective internal control over financial reporting. Management identified a material weakness related to ineffective information technology general controls in the areas of user access and program change-management over the primary system supporting our financial statement close process. As a result of these deficiencies, management determined our process-level Information Technology (“IT”) dependent manual and automated application controls were ineffective because they could have been adversely impacted to the extent that they rely upon information and configurations from the affected IT system. See Item 9A, “Controls and Procedures,” below. We have commenced efforts to remediate the material weakness as described in more detail in Item 9A, “Controls and Procedures,” below. The material weakness in our internal control over financial reporting will not be considered remediated until the controls operate for a sufficient period of time and management has concluded, through testing, that these controls operate effectively. If we do not successfully remediate the material weakness, or if other material weaknesses or other deficiencies arise in the future, we may be unable to accurately report our financial results, which could cause our financial results to be materially misstated and require restatement. In such case, we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports in addition to applicable stock exchange listing requirements, investors may lose confidence in our financial reporting and our stock price may decline as a result. We cannot assure you that the measures we have taken to date, or any measures we may take in the future, will be sufficient to remediate the control deficiencies that led to a material weakness in our internal control over financial reporting or that they will prevent or avoid potential future material weaknesses.

***Because our long-term growth strategy involves further expansion of our sales to customers outside the United States, our business will be susceptible to risks associated with international operations.***

A component of our growth strategy involves the further expansion of our operations and customer base internationally. In March 2014, we acquired Vocal Limited, a mass notification company based in Colchester, England. In December 2016, we acquired Svensk Krisledning AB, a SaaS mobile crisis management company based in Norsborg, Sweden. In April 2018, we acquired Unified Messaging Systems ASA, a critical communication and population alerting systems company based in Oslo, Norway. In May 2018, we acquired Respond B.V., a critical communication solutions company based in the Netherlands. In February 2020, we acquired CNL Software Limited, a global provider of physical security information management platform software based in Camberley, United Kingdom. In March 2020, we acquired One2Many Group B.V. based in the Netherlands. In May 2020, we acquired Techwan SA based in Switzerland. In August 2020, we acquired SnapComms Limited based in New Zealand. In November 2021 we acquired Anvil Worldwide Limited and The Anvil Group Limited based in the United Kingdom. For the years ended December 31, 2023 and 2022, approximately 25% and 26% of our revenue, respectively, was derived from customers located outside of the United States and Canada. We intend to further expand our local presence in regions such as Europe, the Middle East and Asia. Our current international operations and future initiatives will involve a variety of risks, including:

- currency exchange rate fluctuations and the resulting effect on our revenue and expenses, and the cost and risk of entering into hedging transactions if we chose to do so in the future;
- economic or political instability in foreign markets;
- greater difficulty in enforcing contracts, accounts receivable collection and longer collection periods;
- more stringent regulations relating to technology, including with respect to privacy, data security and the unauthorized use of, access to, or deletion of personal data;
- difficulties in maintaining our company culture with a dispersed and distant workforce;
- unexpected changes in regulatory requirements, taxes or trade laws;
- differing labor regulations, especially in the European Union, where labor laws are generally more advantageous to employees as compared to the United States, including deemed hourly wage and overtime regulations in these locations;
- challenges inherent in efficiently managing an increased number of employees over large geographic distances, including the need to implement appropriate systems, policies, benefits and compliance programs;
- difficulties in managing a business in new markets with diverse cultures, languages, customs, legal systems, alternative dispute systems and regulatory systems;
- limitations on our ability to reinvest earnings from operations in one country to fund the capital needs of our operations in other countries;
- limited or insufficient intellectual property protection;
- political instability or terrorist activities;
- differing exposure to, responses to and capacities for managing the COVID-19 pandemic;
- likelihood of potential or actual violations of domestic and international anticorruption laws, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, or of U.S. and international export control and sanctions regulations, which likelihood may increase with an increase of sales or operations in foreign jurisdictions and operations in certain industries; and
- adverse tax burdens and foreign exchange controls that could make it difficult to repatriate earnings and cash.

Our limited experience in operating our business internationally increases the risk that any potential future expansion efforts that we may undertake will not be successful. If we invest substantial time and resources to expand our international operations and are unable to do so successfully and in a timely manner, our business and operating results will suffer. We continue to implement policies and procedures to facilitate our compliance with U.S. laws and regulations applicable to or arising from our international business. Inadequacies in our past or current compliance practices may increase the risk of inadvertent violations of such laws and regulations, which could lead to financial and other penalties that could damage our reputation and impose costs on us.

Our business, including the sales of our products and professional services by us and our channel partners, may be subject to foreign governmental regulations, which vary substantially from country to country and change from time to time. Our failure, or the failure by our channel partners, to comply with these regulations could adversely affect our business. Further, in many foreign countries it is common for others to engage in business practices that are prohibited by our internal policies and procedures or U.S. regulations applicable to us. Although we have implemented policies and procedures designed to comply with these laws and policies, there can be no assurance that our employees, contractors, channel partners and agents have complied, or will comply, with these laws and policies. Violations of laws or key control policies by our employees, contractors, channel partners or agents could result in delays in revenue recognition, financial reporting misstatements, fines, penalties or the prohibition of the importation or exportation of our products and could have a material adverse effect on our business and results of operations. If we are unable to successfully manage the challenges of international expansion and operations, our business and operating results could be adversely affected.

We are also continuing to monitor developments related to the United Kingdom's departure from the European Union in 2020, commonly referred to as "Brexit." The full effect of Brexit remains uncertain, but it could have significant implications for our business and could lead to economic and legal uncertainty, including significant volatility in global stock markets and currency exchange rates, and differing laws and regulations as the United Kingdom determines which European Union laws to replace or replicate. Any of these effects of Brexit, among others, could adversely affect our operations in the United Kingdom and our financial results.

***We are subject to risks relating to local crises and geopolitical instability due to our security and travel assistance services.***

Especially through our subsidiary Anvil, we provide medical, security and travel assistance service through a network of service providers who provide on-the-ground security, travel or healthcare services to our customers' employees when they are traveling abroad. Our services include the security and transport of customer assets. The support we receive from service providers could be affected by geopolitical instability or conflict and we may have difficulty enforcing agreements or protecting assets due to crisis situations. For example, during the outbreak of the war in Ukraine, we had to rely on service providers to evacuate customer employees. We may also face difficulties if we undertake commitments to customers who, when in times of crisis, create a demand that exceeds what we have contracted for in the region. We may also face challenges with regulatory compliance when moving assets and individuals between countries, including with respect to timely obtaining any licenses or other authorizations as may be required.

***If we cannot maintain our company culture as we grow, our success and our business may be harmed.***

We believe our culture has been a key contributor to our success to-date and that the critical nature of the solutions that we provide promotes a sense of greater purpose and fulfillment in our employees. We have invested in building a strong corporate culture and believe it is one of our most important and sustainable sources of competitive advantage. Any failure to preserve our culture could negatively affect our ability to retain and recruit personnel and to effectively focus on and pursue our corporate objectives. As we grow and develop the infrastructure of a public company, we may find it difficult to maintain these important aspects of our company culture, particularly given the remote or hybrid work environment as a result of COVID-19 related shifts in the workplace. If we fail to maintain our company culture, our business may be adversely impacted.

***Our ability to raise capital in the future may be limited, and our failure to raise capital when needed could prevent us from growing.***

Our business and operations may consume resources faster than we anticipate. In the future, we may need to raise additional funds to invest in future growth opportunities. Additional financing may not be available on favorable terms, if at all. Weakness and volatility in the capital markets and the economy in general could limit our access to the capital markets and increase our cost of borrowing. If adequate funds are not available on acceptable terms, we may be unable to invest in future growth opportunities, which could seriously harm our business and operating results. If we incur debt, the debt holders would have rights senior to common stockholders to make claims on our assets, and the terms of any debt could restrict our operations, including our ability to pay dividends on our common stock. Furthermore, if we issue equity securities, stockholders will experience dilution, and the new equity securities could have rights senior to those of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. As a result, our stockholders bear the risk of our future securities offerings reducing the market price of our common stock and diluting their interest.

***Our sales cycle can be unpredictable, time-consuming and costly, which could harm our business and operating results.***

Our sales process involves educating prospective customers and existing customers about the use, technical capabilities and benefits of our platform and applications. Prospective customers, especially larger organizations, often undertake a prolonged evaluation process, which typically involves not only our solutions, but also those of our competitors and lasts from four to nine months or longer. We may spend substantial time, effort and money on our sales and marketing efforts without any assurance that our efforts will produce any sales.

Events affecting our customers' businesses may occur during the sales cycle that could affect the size or timing of a purchase, contributing to more unpredictability in our business and operating results. As a result of these factors, we may face greater costs, longer sales cycles and less predictability in the future.

***Implementation of our 2022 Strategic Realignment or simplification strategies may not be successful, which could affect our ability to increase our revenues or could reduce our profitability.***

On May 3, 2022, our Board approved the 2022 Strategic Realignment program to strategically realign our resources in order to accelerate and grow our investments in our largest growth opportunities while streamlining our operations. The 2022 Strategic Realignment program includes a targeted realignment and reduction of headcount, facilities and other third-party spend. In November 2022 and July 2023, our Board approved amendments to the 2022 Strategic Realignment program to include additional targeted realignment and reduction of headcount and other third-party spend.

The 2022 Strategic Realignment program is in support of the 2022 strategic initiatives to simplify our business and accelerate the integration of recent acquisitions. We expect to record in the aggregate approximately \$18 million to \$19 million in restructuring charges associated with the 2022 Strategic Realignment and \$16 million to \$17 million in business transformation costs associated with the 2022 Strategic Realignment. A significant portion of these charges will result in future cash expenditures, and the program is expected to be substantially completed by the first half of fiscal 2024.

Although we believe that the 2022 Strategic Realignment will reduce overhead costs, enhance operational simplicity, and result in improved Adjusted EBITDA, we cannot guarantee that the 2022 Strategic Realignment will achieve or sustain the targeted benefits, or that the benefits, even if achieved, will be adequate to meet our long-term profitability and operational expectations. Risks associated with the continuing impact of the 2022 Strategic Realignment also include additional unexpected costs and negative impacts on our cash flows from operations and liquidity, employee attrition beyond our intended reduction in force and adverse effects on employee morale, diversion of management attention, adverse effects to our reputation as an employer, which could make it more difficult for us to hire new employees in the future, and potential failure or delays to meet operational and growth targets due to the loss of qualified employees. If we do not realize the expected benefits or synergies of the 2022 Strategic Realignment, our business, financial condition, cash flows and results of operations could be negatively impacted.

## Risks Related to Cybersecurity and Reliability

*If our, our customers' or the third-parties' upon which we rely security measures or information technologies are compromised or unauthorized access to our data, the data of our customers or their employees, customers or constituents is otherwise obtained, our platform may be perceived as not being secure, our customers may be harmed and may curtail or cease their use of our applications, our reputation may be damaged and we may incur significant liabilities.*

In the ordinary course of our operations, we collect, receive, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, and share (collectively, process) our data, data of our customers and their employees, customers and constituents, including personal data such as contact information, health information, and physical location, as well as other proprietary, confidential and sensitive data including financial information (collectively, sensitive information). The services we provide are often critical to our clients' businesses. Security incidents, whether as a result of third-party action, employee or customer error, technology impairment or failure, malfeasance or criminal activity, could result in unauthorized access to, or loss or unauthorized disclosure of, this sensitive information, litigation, indemnity obligations, harms to our constituents, such as resulting from delays or errors in providing our services, lower renewal rates, loss of or delay in market acceptance of our solutions, loss of competitive position or claims by customers for losses sustained by them or expose us to breach of contract claims, and other possible liabilities or harms, as well as negative publicity, which could damage our reputation, impair our sales and harm our customers and our business.

Cyber incidents and malicious internet-based activity continue to increase generally, and providers of cloud-based services have been targeted. We and the third parties upon which we rely are subject to a variety of evolving threats, including but not limited to social-engineering attacks (including through deep fakes, which may be increasingly more difficult to identify as fake and phishing attacks), malicious code (such as viruses and worms), malware (including as a result of advanced persistent threat intrusions), denial-of-service attacks, credential stuffing, credential harvesting, personnel misconduct or error, ransomware attacks, supply-chain attacks, software bugs, server malfunctions, software or hardware failures, loss of data or other information technology assets, adware, telecommunications or other basic infrastructure failures, earthquakes, fires, floods, attacks enhanced or facilitated by AI, and other similar threats. In particular, severe ransomware attacks are becoming increasingly prevalent – particularly for companies like ours who provide cloud-based services – and can lead to significant interruptions in our operations, loss of sensitive data and income, reputational harm, and diversion of funds. Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments. Some actors now engage and are expected to continue to engage in cyber-attacks, including without limitation nation-state actors for geopolitical reasons and in conjunction with military conflicts and defense activities. During times of war and other major conflicts, we, the third parties upon which we rely, and our customers may be vulnerable to a heightened risk of these attacks, including retaliatory cyber-attacks, that could materially disrupt our systems and operations, supply chain, and ability to produce, sell and distribute our goods and services. We have experienced malicious internet-based attacks in the past and while to date none have been material to our business, we may in the future be the target of attempts to gain unauthorized access to our systems.

We rely on third parties and technologies to operate critical business systems to process sensitive information in a variety of contexts, including, without limitation, cloud-based infrastructure, data center facilities, encryption and authentication technology, employee email, content delivery to customers, and other functions. We also rely on third parties to provide other products, services, parts, or otherwise to operate our business. Our ability to monitor these third parties' information security practices is limited, and these third parties may not have adequate information security measures in place. If the third parties upon which we rely experience a security incident or other interruption, we could experience adverse consequences. While we may be entitled to damages if these third parties fail to satisfy their privacy or security-related obligations to us, any award may be insufficient to cover our damages, or we may be unable to recover such award. If third parties upon which we rely, such as vendors or developers, violate applicable laws or our security policies or experience a security incident, our sensitive information may be put at risk and could in turn have an adverse effect on our business. In addition, supply-chain attacks have increased in frequency and severity, and we cannot guarantee that third parties' infrastructure in our supply chain or the third parties' upon which we rely supply chains have not been compromised.

Our solutions and our platform are frequently deployed and used in large-scale environments operated by individuals with different operating systems and third-party software and applications, which have in the past, and may in the future, experience errors in use, or failures of, our solutions. While we have implemented security measures designed to protect against security incidents, there can be no assurance that these measures will be effective. We take steps to detect, mitigate, and remediate vulnerabilities in our information systems (such as our hardware and/or software, including that of third parties upon which we rely). We may not, however, detect and remediate all such vulnerabilities including on a timely basis. Further, we may experience delays in developing and deploying remedial measures and patches designed to address identified vulnerabilities. Vulnerabilities could be exploited and result in a security incident. As we increase our customer base and our brand becomes more widely known and recognized, third parties may increasingly seek to compromise our security controls or gain unauthorized access to our sensitive information. Future or past business transactions (such as acquisitions or integrations) could expose us to additional cybersecurity risks and vulnerabilities, as our systems could be negatively affected by vulnerabilities present in acquired or integrated entities' systems and technologies. Furthermore, we may discover security issues that were not found during due diligence of such acquired or integrated entities, and it may be difficult to integrate companies into our information technology environment and security program. Further, because of the nature of the services that we provide to our customers during public safety threats and critical business events, we may be a unique target for attacks.

Remote work has become more common and has increased risks to our information technology systems and data, as more of our employees utilize network connections, computers and devices outside our premises or network, including working at home, while in transit and in public locations.

Any of the previously identified or similar threats could cause a security incident or other interruption that could result in unauthorized, unlawful, or accidental acquisition, modification, destruction, loss, alteration, encryption, disclosure of, or access to our sensitive information or our information technology systems, or those of the third parties upon which we rely. A security incident or other interruption could disrupt our ability (and that of third parties upon which we rely) to provide our services.

We may expend significant resources or modify our business activities to try to protect against security incidents. Certain of our client contracts require us to comply with certain security obligations, which could include maintaining network security and backup data, ensuring our network is virus-free, maintaining business continuity planning procedures, and verifying the integrity of employees that work with our clients by conducting background checks. Many governments have enacted laws requiring companies to notify individuals or other stakeholders of security incidents or unauthorized transfers involving certain types of personal data. In addition, some of our customers contractually require notification of any data security incident. Accordingly, security incidents experienced by our competitors, by our customers, by us, or by third parties upon which we rely may lead to disclosures (including public), which may lead to widespread negative publicity and other harms. Further, the costs of compliance with notification laws and contractual obligations may be significant and any requirement that we provide such notifications as a result of an actual or alleged compromise could have a material and adverse effect on our business. Additionally, if we or the third parties upon which we rely experience a security incident, we could be subject to significant liability from our clients or from our clients' customers for breaching contractual confidentiality provisions or privacy laws. Any security incident in our industry, whether actual or perceived, could harm our reputation, erode customer confidence in the effectiveness of our security measures, negatively impact our ability to attract new customers, cause existing customers to elect not to renew their subscriptions, result in loss of revenue, or subject us to third-party lawsuits, result in regulatory fines or other action or liability, or cause other harms, which could materially and adversely affect our business and operating results. For instance, on April 21, 2023, the FDEM notified us of the termination of its contract one year early, effective June 30, 2023, as a result of a procedural human error related to a planned emergency test notification to residents across Florida. On April 27, 2023, we entered into a Contract amendment with the FDEM that rescinds the termination and modifies the end date of the Contract to December 31, 2023. The amendment also added an option for a six-month renewal of service, which was exercised, to June 30, 2024, the original length of the Contract.

While we maintain general liability insurance coverage and coverage for errors or omissions, we cannot assure you that such coverage would be adequate or would otherwise protect us from liabilities or damages with respect to claims relating to data privacy or security obligations or that such coverage will continue to be available on acceptable terms or at all. Our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations. While we may be entitled to damages if our third-party service providers fail to satisfy their privacy or security-related obligations to us, any award may be insufficient to cover our damages, or we may be unable to recover such award. Our liability for breaches of data security requirements or related to a security incident, for which we may be required to indemnify our clients, may be extensive.

Additionally, sensitive information could be leaked, disclosed, or revealed as a result of or in connection with our employee's, personnel's, or vendor's use of generative AI technologies. Moreover, any sensitive information that we input into a third-party AI/ML platform could be leaked or disclosed to others, including if sensitive information is used to train the third parties' AI/ML model. Additionally, where an AI/ML model ingests personal data and makes connections using such data, those technologies may reveal other personal or sensitive information generated by the model. Moreover, AI/ML models may create flawed, incomplete, or inaccurate outputs, some of which may appear correct. This may happen if the inputs that the model relied on were inaccurate, incomplete or flawed (including if a bad actor "poisons" the AI/ML with bad inputs or logic), or if the logic of the AI/ML is flawed (a so-called "hallucination").

***Interruptions or delays in service from our third-party data center providers could impair our ability to make our platform and applications available to our customers, resulting in customer dissatisfaction, damage to our reputation, loss of customers, limited growth and reduction in revenue.***

Our operations depend, in part, on our third-party facility providers' abilities to protect these facilities against damage or interruption from natural disasters, power or telecommunications failures, cyber incidents, criminal acts and similar events. In the event that any of our third-party facilities arrangements are terminated, or if there is a lapse of service or damage to a facility, we could experience interruptions in our platform as well as delays and additional expenses in arranging new facilities and services. Any changes in third-party service levels at our data centers or any errors, defects, disruptions, cyber incidents or other performance problems with our solutions could harm our reputation.

Any damage to, or failure of, the systems of our third-party providers could result in interruptions to our platform. Despite precautions taken at our data centers, the occurrence of spikes in usage volume, natural disasters, cyber incidents, acts of terrorism, vandalism or sabotage, closure of a facility without adequate notice or other unanticipated problems could result in lengthy interruptions in the availability of our platform and applications. Problems faced by our third-party data center locations, with the telecommunications network providers with whom they contract, or with the systems by which our telecommunications providers allocate capacity among their customers, including us, could adversely affect the experience of our customers. Because of the nature of the services that we provide to our customers during public safety threats and critical business events, any such interruption may arise when our customers are most reliant on our applications, thereby compounding the impact of any interruption on our business. Interruptions in our services might reduce our revenue, cause us to issue refunds to customers and subject us to potential liability.

Further, our insurance policies may not adequately compensate us for any losses that we may incur in the event of damage or interruption. Although we benefit from liability protection under the Support Anti-Terrorism by Fostering Effective Technology Act of 2002, the occurrence of any of the foregoing could reduce our revenue, subject us to liability, cause us to issue credits to customers or cause customers not to renew their subscriptions for our applications, any of which could materially adversely affect our business.

***Failures or reduced accessibility of third-party software on which we rely could impair the availability of our platform and applications and adversely affect our business.***

We license software from third parties for integration into our platform and applications, including open source software. These licenses might not continue to be available to us on acceptable terms, or at all. While we are not substantially dependent upon any individual piece of third-party software, the loss of the right to use all or a significant portion of our third-party software required for the development, maintenance and delivery of our applications could limit access to our platform and applications, or result in delays in the provision of our applications until we develop or identify, obtain and integrate equivalent technology, which could harm our business.

Any errors, defects, viruses, or security vulnerabilities in the hardware or software we use could result in errors, interruptions, cyber incidents, security breaches, or a failure of our applications. Any significant interruption in the availability of all or a significant portion of such software could have an adverse impact on our business unless and until we can replace the functionality provided by these applications at a similar cost. Additionally, we rely upon third parties' abilities to enhance their current applications, develop new applications on a timely and cost-effective basis and respond to emerging industry standards and other technological changes. We may be unable to effect changes to such third-party technologies, which may prevent us from rapidly responding to evolving customer requirements, which could, in turn, negatively impact our ability to generate revenue and adversely impact our business. We also may be unable to replace the functionality provided by the third-party software currently offered in conjunction with our applications in the event that such software becomes obsolete or incompatible with future versions of our platform and applications or is otherwise not adequately maintained or updated. Please see the section titled "The use of open source software in our platform and applications may expose us to additional risks and harm our intellectual property" for additional discussion of the risks associated with use of open source software.

***If we do not or cannot maintain the compatibility of our platform with third-party applications that our customers use in their businesses, our revenue may decline.***

As a significant percentage of our customers choose to integrate our solutions with certain capabilities provided by third-party providers, the functionality and popularity of our solutions depend, in part, on our ability to integrate our platform and applications with certain third-party systems. Third-party providers may change the features or functionality of their technologies, restrict our access to their applications, cease providing their technologies, or alter the terms governing use of their applications in an adverse manner. Such changes could limit or terminate our ability to use these third-party technologies in conjunction with our platform and applications, which could negatively impact the value of our solutions, the speed and accuracy of our crisis notifications, and harm our business. If we fail to integrate our solutions with new third-party applications that our customers use, we may not be able to offer the functionality that our customers need or otherwise remain competitive with the evolving market for critical event management solutions, which would negatively impact our ability to generate revenue and adversely impact our business.

#### **Risks Related to Data Privacy and Government Regulation**

***We are subject to stringent and evolving U.S. and foreign laws, regulations, and rules, contractual obligations, policies, industry standards, and other legal obligations related to privacy, data protection and information security, and our actual or perceived failure to comply with such obligations could result in adverse consequences, including regulatory investigations or actions, litigation and mass arbitration demands, fines and penalties, disruptions of our business operations, and reputational harm.***

We process personal data (including about our customers' employees, customers and constituents) and other sensitive information, including health information and financial information directly from our customers and through our channel partners. We use this information to provide applications to our customers and, in certain instances, to support, expand and improve our business.

Our data processing activities may subject us to numerous data privacy and security obligations, such as various laws, regulations, guidance, industry standards, external and internal privacy and security policies, contractual requirements, and other obligations relating to data privacy and security. Some proposed laws or regulations concerning privacy, data protection and information security are in their early stages, and we cannot yet determine how these laws and regulations may be interpreted nor can we determine the impact these proposed laws and regulations, may have on our business. Such proposed laws and regulations may require companies to implement privacy and security policies, permit users to access, correct and delete personal data stored or maintained by such companies, inform individuals of security breaches that affect their personal data, and, in some cases, obtain individuals' consent to use personal data for certain purposes. Obligations related to data privacy and security (and consumers' data privacy expectations) are quickly changing, becoming increasingly stringent, and creating uncertainty. Additionally, these obligations may be subject to differing applications and interpretations, which may be inconsistent or conflict among jurisdictions. Preparing for and complying with these obligations requires us to devote significant resources, which may necessitate changes to our services, information technologies, systems, and practices and to those of any third parties that process personal data on our behalf. In addition, these obligations may require us to change our business model. Our failure to comply with federal, state, local or foreign data privacy laws and regulations could harm our ability to successfully operate our business and pursue our business goals.

In the United States, federal, state, and local governments have enacted numerous data privacy and security laws, including data breach notification laws, personal data privacy laws, consumer protection laws (e.g., Section 5 of the Federal Trade Commission Act), and other similar laws (e.g., wiretapping laws). For example, HIPAA imposes specific requirements relating to the privacy, security, and transmission of individually identifiable health information. Additionally, the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 ("CAN-SPAM") and the Telephone Consumer Protection Act of 1991 ("TCPA") impose specific requirements on communications with customers. For example, the TCPA imposes various consumer consent requirements and other restrictions on certain telemarketing activity and other communications with consumers by phone, fax or text message. TCPA violations can result in significant financial penalties, including penalties or criminal fines imposed by the Federal Communications Commission or fines of up to \$1,500 per violation imposed through private litigation or by state authorities. Additionally, certain sector-specific regulations, including regarding the financial industry, may require additional privacy and security-related obligations.

In the past few years, numerous U.S. states—including California, Virginia, Colorado, Connecticut, and Utah—have enacted comprehensive privacy laws that impose certain obligations on covered businesses, including providing specific disclosures in privacy notices and affording residents with certain rights concerning their personal data. As applicable, such rights may include the right to access, correct, or delete certain personal data, and to opt-out of certain data processing activities, such as targeted advertising, profiling, and automated decision-making. The exercise of these rights may impact our business and ability to provide our products and services. Certain states also impose stricter requirements for processing certain personal data, including sensitive information, such as conducting data privacy impact assessments. These state laws allow for statutory fines for noncompliance. For example, the California Consumer Privacy Act ("CCPA") applies to personal data of consumers, business representatives, and employees, and provides for fines of up to \$7,500 per intentional violation and allows private litigants affected by certain data breaches to recover significant statutory damages. In addition, the California Privacy Rights Act of 2020 ("CPRA") expands the CCPA's requirements, including by adding a new right for individuals to correct their personal data and establishing a new regulatory agency to implement and enforce the law.

Similar laws are being considered in several other states, as well as at the federal and local levels. These laws may require us to modify our data processing practices and policies and to incur substantial costs and expenses in an effort to comply.

Additionally, under various privacy laws and other obligations, we may be required to obtain certain consents to process personal data, including to process health and medical data in certain jurisdictions. As another example, some of our data processing practices may be challenged under wiretapping laws, since we obtain consumer information from third parties through various methods, including chatbot providers. These practices may be subject to increased challenges by class action plaintiffs. Our inability or failure to obtain consent for these practices could result in adverse consequences, including class action litigation and mass arbitration demands.

Outside the United States, an increasing number of laws, regulations, and industry standards may govern data privacy and security. For example, the EU General Data Protection Regulation (“EU GDPR”) and the UK GDPR (collectively “GDPR”), Brazil’s General Data Protection Law (Lei Geral de Proteção de Dados Pessoais, or “LGPD”) (Law No. 13,709/2018), and Australia’s Privacy Act, China’s Personal Information Protection Law (“PIPL”) impose strict requirements for processing personal data. For example, under the GDPR, fines of up to 20 million euros or up to 4% of the annual global revenue of the noncompliant company, whichever is greater, could be imposed for violations of certain GDPR requirements, or the company could be subject to private litigation related to processing of personal data brought by classes of data subjects or consumer protection organizations authorized at law to represent their interests. Additionally, Canada’s Personal Information Protection and Electronic Documents Act (“PIPEDA”) and various related provincial laws, as well as Canada’s Anti-Spam Legislation (“CASL”), may apply to our operations. In the ordinary course of business, we transfer personal data from Europe and other jurisdictions to the United States or other countries. Europe and other jurisdictions have enacted laws requiring data to be localized or limiting the transfer of personal data to other countries. In particular, the European Economic Area (EEA) and the UK have significantly restricted the transfer of personal data to the United States and other countries whose privacy laws it believes are inadequate. Other jurisdictions, including China, may adopt similarly stringent interpretations of their data localization and cross-border data transfer laws. Although there are currently various mechanisms that may be used to transfer personal data from the EEA and UK to the United States in compliance with law, such as the EEA standard contractual clauses, the UK’s International Data Transfer Agreement / Addendum, and the EU-U.S. Data Privacy Framework and the UK extension thereto (which allows for transfers to relevant U.S.-based organizations who self-certify compliance and participate in the Framework), these mechanisms are subject to legal challenges, and there is no assurance that we can satisfy or rely on these measures to lawfully transfer personal data to the United States. If there is no lawful manner for us to transfer personal data from the EEA, the UK or other jurisdictions to the United States, or if the requirements for a legally-compliant transfer are too onerous, we could face significant adverse consequences, including the interruption or degradation of our operations, the need to relocate part of or all of our business or data processing activities to other jurisdictions at significant expense, increased exposure to regulatory actions, substantial fines and penalties, the inability to transfer data and work with partners, vendors and other third parties, and injunctions against our processing or transferring of personal data necessary to operate our business. Companies that transfer personal data out of the EEA and UK to other jurisdictions, particularly to the United States, are subject to increased scrutiny from regulators, individual litigants, and activist groups. Some European regulators have ordered certain companies to suspend or permanently cease certain transfers out of Europe for allegedly violating the GDPR’s cross-border data transfer limitations.

Additionally, the development and use of AI/ML presents various privacy and security risks that may impact our business. AI/ML is subject to privacy and data security laws, as well as increasing regulation and scrutiny. Several jurisdictions around the globe have proposed, enacted or are considering measures related to the use of AI/ML in products and services, including the EU’s AI Act. We expect other jurisdictions will adopt similar laws. Additionally, certain privacy laws extend rights to consumers (such as the right to delete certain personal data) and regulate automated decision making, which may be incompatible with our use of AI/ML. These obligations may make it harder for us to conduct our business using AI/ML, lead to regulatory fines or penalties, require us to change our business practices, retrain our AI/ML, or prevent or limit our use of AI/ML. For example, the U.S. Federal Trade Commission has required other companies to turn over (or disgorge) valuable insights or trainings generated through the use of AI/ML where they allege the company has violated privacy and consumer protection laws. If we cannot use AI/ML or that use is restricted, our business may be less efficient, or we may be at a competitive disadvantage. We may have to change our business practices to comply with such obligations.

Moreover, our employees and personnel use generative AI technologies to perform their work, and the disclosure and use of personal data in generative AI is subject to various privacy laws and other privacy obligations. Governments have passed and are likely to pass additional laws regulating AI. Our use of this technology could result in additional compliance costs, regulatory investigations and actions, and lawsuits. If we are unable to use AI, it could make our business less efficient and result in competitive disadvantages. We use AI/ML to assist us in making certain decisions, which is regulated by certain privacy laws. Due to inaccuracies or flaws in the inputs, outputs, or logic of the AI/ML, the model could be biased and could lead us to make decisions that could bias certain individuals (or classes of individuals), and adversely impact their rights, employment, and ability to obtain certain pricing, products, services, or benefits.

Globally, governments and agencies have adopted and could in the future adopt, modify, apply or enforce laws, policies, regulations, and standards covering user privacy, data security, technologies such as cookies that are used to process data, marketing online, the use of data to inform marketing, the taxation of products and services, unfair and deceptive practices, and the processing of data associated with unique individual internet users.

We are also bound by contractual obligations related to data privacy and security, and our efforts to comply with such obligations may not be successful. For example, certain privacy laws, such as the GDPR and the CCPA, require our customers to impose specific contractual restrictions on their service providers. Additionally, some of our customer contracts require us to host personal data locally. We publish privacy policies, marketing materials and other statements, such as compliance with certain certifications or self-regulatory principles, regarding data privacy and security. If these policies, materials or statements are found to be deficient, lacking in transparency, deceptive, unfair, or misrepresentative of our practices, we may be subject to investigation, enforcement actions by regulators or other adverse consequences.

Obligations related to data privacy and security are quickly changing, becoming increasingly stringent, and creating regulatory uncertainty. Additionally, these obligations may be subject to differing applications and interpretations, which may be inconsistent or conflict among jurisdictions. Preparing for and complying with these obligations requires us to devote significant resources, which may necessitate changes to our services, information technologies, systems, and practices and to those of any third parties that we rely on. In addition, these obligations may require us to change our business model. We may at times fail (or be perceived to have failed) in our efforts to comply with our data privacy and security obligations. Moreover, despite our efforts, our personnel or third parties on which we rely may fail to comply with such obligations, which could negatively impact our business operations. If we, or the third-parties upon which we rely, do not comply with laws or regulations, or other privacy or security obligations, we could face significant consequences, including but not limited to: government enforcement actions (e.g., investigations, fines, penalties, audits, inspections, and similar); litigation (including class-action claims); additional reporting requirements and/or oversight; bans on processing personal data; orders to destroy or not use personal data; and imprisonment of company officials. In particular, plaintiffs have become increasingly more active in bringing privacy-related claims against companies, including class claims and mass arbitration demands. Some of these claims allow for the recovery of statutory damages on a per violation basis, and, if viable, carry the potential for monumental statutory damages, depending on the volume of data and the number of violations. If any governmental sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, results of operations, and financial condition could be materially adversely affected. In addition, responding to any action will likely result in a significant diversion of management's attention and resources and an increase in professional fees. Enforcement actions and sanctions could harm our business, reputation, results of operations and financial condition.

***If our applications fail to function in a manner that allows our customers to operate in compliance with regulations and/or industry standards, our revenue and operating results could be harmed.***

Certain of our customers require applications that ensure secure processing, communication and storage of sensitive information given the nature of the content being distributed and associated applicable regulatory requirements. In particular, our healthcare customers rely on our applications to communicate in a manner that is designed to comply with the requirements of HIPAA which imposes privacy and data security standards that protect individually identifiable health information by limiting the uses and disclosures of individually identifiable health information and requiring that certain data security standards be implemented to protect this information. As a "business associate" to "covered entities" that are subject to HIPAA, we also have our own compliance obligations directly under HIPAA and pursuant to the business associate agreements that we are required to enter into with our customers that are HIPAA-covered entities, or HIPAA-business associates and with our subcontractors that process individually identifiable health information on our behalf. Our failure to maintain compliance with HIPAA could result in significant administrative, civil and criminal penalties, as well as breach of contract claims from our customers and subcontractors.

Governments and industry organizations may also adopt new laws, regulations or requirements, or make changes to existing laws or regulations, that could impact the demand for, or value of, our applications. If we are unable to adapt our applications to changing legal and regulatory standards or other requirements in a timely manner, or if our applications fail to allow our customers to communicate in compliance with applicable laws and regulations, our customers may lose confidence in our applications and could switch to products offered by our competitors, or threaten or bring legal actions against us.

***A portion of our revenue is generated by subscriptions sold to governmental entities and heavily regulated organizations, which are subject to a number of challenges and risks.***

A portion of our revenue is generated by subscriptions sold to government entities. Additionally, many of our current and prospective customers, such as those in the financial services, and healthcare and life sciences industries, are highly regulated and may be required to comply with more stringent regulations in connection with subscribing to and implementing our applications. Selling subscriptions to these entities can be highly competitive, expensive and time consuming, often requiring significant upfront time and expense without any assurance that we will successfully complete a sale. In addition, delivering subscribed solutions to these governmental entities can be expensive and time consuming; for example, requiring complex integrations with various local telecommunications carriers, telecommunications infrastructure that changes over the course of the sale and delivery process, and various changing telecommunications standards (for example, 2G through 5G). Delivery delay in early projects may cause backlog impacting later projects.

Furthermore, engaging in sales activities to foreign governments introduces additional compliance risks specific to the Foreign Corrupt Practices Act, the U.K. Bribery Act and other similar statutory requirements prohibiting bribery and corruption in the jurisdictions in which we operate. Governmental and highly regulated entities often require contract terms that differ from our standard arrangements. For example, the federal government provides grants to certain state and local governments for our applications and if such governmental entities do not continue to receive these grants, they have the ability to terminate their contracts without penalty. Governmental and highly regulated entities impose compliance requirements that are complicated, require preferential pricing or “most favored nation” terms and conditions, or are otherwise time consuming and expensive to satisfy. If we undertake to meet special standards or requirements and do not meet them, we could be subject to increased liability from our customers or regulators. Even if we do meet these special standards or requirements, the additional costs associated with providing our applications to government and highly regulated customers could harm our margins. Moreover, changes in the underlying regulatory conditions that affect these types of customers could harm our ability to efficiently provide our applications to them and to grow or maintain our customer base.

Collecting payment from a government entity may also present difficulties. For example, governmental demand and payment for our applications may also be impacted by public sector budgetary cycles and funding authorizations, with funding reductions or delays adversely affecting public sector demand for our solutions.

***Potential regulatory requirements placed on our applications and content could impose increased costs on us, delay or prevent our introduction of new applications, and impair the function or value of our existing applications.***

Certain of our existing applications, such as Secure Collaboration, a tailored version of our Secure Messaging application that is designed to comply with HIPAA, are and are likely to continue to be subject to increasing regulatory requirements in a number of ways and as we continue to introduce new applications, we may be subject to additional regulatory requirements and other risks that could be costly and difficult to comply with or that could harm our business. In addition, we market our applications and professional services in certain countries outside of the United States and plan to expand our local presence in regions such as Europe, the Middle East and Asia. If additional legal and/or regulatory requirements are implemented in the foreign countries in which we provide our services, the cost of developing or selling our applications may increase. As these requirements proliferate and as existing legal requirements become subject to new interpretations, we must change or adapt our applications and professional services to comply. Changing regulatory requirements might render certain of our applications obsolete or might block us from accomplishing our work or from developing new applications. This might in turn impose additional costs upon us to comply or to further develop our applications. It might also make introduction of new applications or service types more costly or more time-consuming than we currently anticipate. It might even prevent introduction by us of new applications or cause the continuation of our existing applications or professional services to become unprofitable or impossible.

***We may use AI/ML in our products and services and our potential failure to effectively implement, use, and market these technologies, may result in operational challenges, legal liability, reputational concerns, competitive risks and regulatory concerns that could adversely affect our business and results of operations.***

We may adopt AI/ML processes and algorithms into our daily operations, including by implementing AI/ML into our products and services, which may result in adverse effects to our operations, legal liability, reputation and competitive risks. Generative AI/ML products and services leverage existing and widely available technologies. The use of generative AI processes at scale is relatively new, and may lead to challenges, concerns and risks that are significant or that we may not be able to predict, especially if our use of these technologies in our products and services becomes more important to our operations over time.

Implementing AI/ML in our products and services may be difficult to deploy successfully due to operational issues inherent to the nature of such technologies, including the development, maintenance and operation of deep learning datasets. For example, AI algorithms use machine learning and predictive analytics which may be insufficient or of poor quality and reflect inherent biases and could lead to flawed, biased, and inaccurate results. Deficient or inaccurate recommendations, forecasts or analyses that generative AI applications assist in producing could lead to customer rejection or skepticism of our products, affect our reputation or brand, and negatively affect our financial results. Further, unauthorized use or misuse of AI/ML by our employees or others may result in disclosure of confidential company and customer data, reputational harm, privacy law violations and legal liability. Our use of AI/ML may also lead to novel and urgent cybersecurity risks, including the misuse of personal data, which may adversely affect our operations and reputation.

As a result, we may not be able to successfully implement AI/ML into our products, services and operations despite expending significant time and monetary resources to attempt to do so. We face significant competition in respect of AI/ML-based products and services. If we are unable to provide enhancements and new features for our AI/ML products and services or to develop new products and services that achieve market acceptance and that keep pace with rapid technological developments and evolving industry standards, our business would be materially and adversely affected. The failure of our technology, products or services to gain market acceptance due to more attractive offerings by our competitors or the introduction of new competitors to the market with new or innovative product offerings could significantly reduce our revenues, increase our operating costs or otherwise materially and adversely affect our business, financial condition, results of operations and cash flows.

Uncertainty in the legal regulatory regime relating to AI/ML and emerging ethical issues surround the use of AI/ML may require significant resources to modify and maintain business practices to comply with U.S. and non-U.S. laws, the nature of which cannot be determined at this time. Existing laws and regulations may apply to us or our vendors or suppliers in new ways and new laws and regulations may be instituted. Several jurisdictions around the globe, including Europe and certain U.S. states, have already proposed or enacted laws governing AI. For example, European regulators have concluded a provisional agreement on AI regulation, the Artificial Intelligence Act (“AI Act”), which will apply beyond the European Union’s borders. If enacted as currently proposed, the AI Act will ban AI applications that pose an unacceptable level of risk and establish obligations for AI providers and those deploying AI systems. We expect other jurisdictions will adopt similar laws. Other jurisdictions may decide to adopt similar or more restrictive legislation that may render the use of such technologies challenging. We may experience challenges in adapting our operations and services to such legislation, if applicable. Any actual or perceived failure to comply with these laws, regulations or ethical standards could include severe penalties, reputational harm, and slow adoption of AI in our products and services.

### **Risks Related to Our Intellectual Property**

*If we fail to protect our intellectual property and proprietary rights adequately, our business could be harmed.*

Our future success and competitive position depend in part on our ability to protect our intellectual property and proprietary technologies. To safeguard these rights, we rely on a combination of patent, trademark, copyright and trade secret laws and contractual protections in the United States and other jurisdictions, some of which afford only limited protection.

We have numerous issued patents and patent applications pending as of December 31, 2023. We cannot assure you that any patents will issue from any patent applications, that patents that issue from such applications will give us the protection that we seek or that any such patents will not be challenged, invalidated, or circumvented. Any patents that may issue in the future from our pending or future patent applications may not provide sufficiently broad protection and may not be enforceable in actions against alleged infringers. In addition, we have registered the “Everbridge,” “Nixle” and “Visual Command Center” names in the United States, and have registered the “Everbridge” name in the European Union. We have registrations and/or pending applications for additional marks in the United States and various other countries; however, we cannot assure you that any future trademark registrations will be issued for pending or future applications or that any registered trademarks will be enforceable or provide adequate protection of our proprietary rights.

In order to protect our unpatented proprietary technologies and processes, we rely on trade secret laws and confidentiality agreements with our employees, consultants, vendors and others. Despite our efforts to protect our proprietary technology and trade secrets, unauthorized parties may attempt to misappropriate, reverse engineer or otherwise obtain and use them. In addition, others may independently discover our trade secrets, in which case we would not be able to assert trade secret rights, or develop similar technologies and processes. Further, the contractual provisions that we enter into may not prevent unauthorized use or disclosure of our proprietary technology or intellectual property rights and may not provide an adequate remedy in the event of unauthorized use or disclosure of our proprietary technology or intellectual property rights. Effective trade secret protection may not be available in every country in which our services are available or where we have employees or independent contractors. The loss of trade secret protection could make it easier for third parties to compete with our solutions by copying functionality. In addition, any changes in, or unexpected interpretations of, the trade secret and employment laws in any country in which we operate may compromise our ability to enforce our trade secret and intellectual property rights. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive business position.

In addition, to protect our intellectual property rights, we may be required to spend significant resources to monitor and protect these rights. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Failure to adequately enforce our intellectual property rights could also result in the impairment or loss of those rights. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Patent, copyright, trademark and trade secret laws offer us only limited protection and the laws of many of the countries in which we sell our services do not protect proprietary rights to the same extent as the United States and Europe. Accordingly, defense of our trademarks and proprietary technology may become an increasingly important issue as we continue to expand our operations and solution development into countries that provide a lower level of intellectual property protection than the United States or Europe. Policing unauthorized use of our intellectual property and technology is difficult and the steps we take may not prevent misappropriation of the intellectual property or technology on which we rely. For example, in the event of inadvertent or malicious disclosure of our proprietary technology, trade secret laws may no longer afford protection to our intellectual property rights in the areas not otherwise covered by patents or copyrights. Accordingly, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property.

We may elect to initiate litigation in the future to enforce or protect our proprietary rights or to determine the validity and scope of the rights of others. That litigation may not be ultimately successful and could result in substantial costs to us, the reduction or loss in intellectual property protection for our technology, the diversion of our management's attention and harm to our reputation, any of which could materially and adversely affect our business and results of operations.

Our failure or inability to adequately protect our intellectual property and proprietary rights could harm our business, financial condition and results of operations.

***An assertion by a third party that we are infringing its intellectual property could subject us to costly and time-consuming litigation or expensive licenses that could harm our business and results of operations.***

Patent and other intellectual property disputes are common in our industry and we have been involved in such disputes from time to time in the ordinary course of our business. Some companies, including some of our competitors, own large numbers of patents, copyrights and trademarks, which they may use to assert claims against us. Third parties may in the future assert claims of infringement, misappropriation or other violations of intellectual property rights against us. They may also assert such claims against our customers whom we typically indemnify against claims that our solution infringes, misappropriates or otherwise violates the intellectual property rights of third parties. As the numbers of products and competitors in our market increase and overlaps occur, claims of infringement, misappropriation and other violations of intellectual property rights may increase. Any claim of infringement, misappropriation or other violation of intellectual property rights by a third party, even those without merit, could cause us to incur substantial costs defending against the claim and could distract our management from our business.

As we seek to extend our platform and applications, we could be constrained by the intellectual property rights of others and it may also be more likely that competitors or other third parties will claim that our solutions infringe their proprietary rights. We might not prevail in any intellectual property infringement litigation given the complex technical issues and inherent uncertainties in such litigation. Defending such claims, regardless of their merit, could be time-consuming and distracting to management, result in costly litigation or settlement, cause development delays or require us to enter into royalty or licensing agreements. In addition, we currently have a limited portfolio of issued patents compared to our larger competitors, and therefore may not be able to effectively utilize our intellectual property portfolio to assert defenses or counterclaims in response to patent infringement claims or litigation brought against us by third parties. Further, litigation may involve patent holding companies or other adverse patent owners who have no relevant applications or revenue and against which our potential patents provide no deterrence, and many other potential litigants have the capability to dedicate substantially greater resources to enforce their intellectual property rights and to defend claims that may be brought against them. If our platform or any of our applications exceed the scope of in-bound licenses or violate any third-party proprietary rights, we could be required to withdraw those applications from the market, re-develop those applications or seek to obtain licenses from third parties, which might not be available on reasonable terms or at all. Any efforts to re-develop our platform and our applications, obtain licenses from third parties on favorable terms or license a substitute technology might not be successful and, in any case, might substantially increase our costs and harm our business, financial condition and results of operations. If we were compelled to withdraw any of our applications from the market, our business, financial condition and results of operations could be harmed.

***We have indemnity obligations to our customers and certain of our channel partners for certain expenses and liabilities resulting from intellectual property infringement claims regarding our platform and our applications, which could force us to incur substantial costs.***

We have indemnity obligations to our customers and certain of our channel partners for intellectual property infringement claims regarding our platform and our applications. As a result, in the case of infringement claims against these customers and channel partners, we could be required to indemnify them for losses resulting from such claims or to refund amounts they have paid to us. We also expect that some of our channel partners with whom we do not have express contractual obligations to indemnify for intellectual property infringement claims may seek indemnification from us in connection with infringement claims brought against them. We may elect to indemnify these channel partners where we have no contractual obligation to indemnify them and we will evaluate each such request on a case-by-case basis. If a channel partner elects to invest resources in enforcing a claim for indemnification against us, we could incur significant costs disputing it. If we do not succeed in disputing it, we could face substantial liability.

***We may be subject to damages resulting from claims that our employees or contractors have wrongfully used or disclosed alleged trade secrets of their former employers or other parties.***

We have in the past and may in the future be subject to claims that employees or contractors, or we, have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of our competitors or other parties. Litigation may be necessary to defend against these claims. If we fail in defending against such claims, a court could order us to pay substantial damages and prohibit us from using technologies or features that are essential to our solutions, if such technologies or features are found to incorporate or be derived from the trade secrets or other proprietary information of these parties. In addition, we may lose valuable intellectual property rights or personnel. A loss of key personnel or their work product could hamper or prevent our ability to develop, market and support potential solutions or enhancements, which could severely harm our business. Even if we are successful in defending against these claims, such litigation could result in substantial costs and be a distraction to management.

***The use of open source software in our platform and applications may expose us to additional risks and harm our intellectual property.***

Our platform and some of our applications use or incorporate software that is subject to one or more open source licenses and we may incorporate additional open source software in the future. Open source software is typically freely accessible, usable and modifiable; however, certain open source software licenses require a user who intends to distribute the open source software as a component of the user's software to disclose publicly part or all of the source code to the user's software. In addition, certain open source software licenses require the user of such software to make any modifications or derivative works of the open source code available to others on potentially unfavorable terms or at no cost. Use and distribution of open source software may entail greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code.

The terms of many open source licenses to which we are subject have not been interpreted by U.S. or foreign courts, and accordingly there is a risk that those licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to commercialize our platform and applications. In that event, we could be required to seek licenses from third parties in order to continue offering our platform and applications, to re-develop our platform and applications, to discontinue sales of our platform and applications or to release our proprietary software code in source code form under the terms of an open source license, any of which could harm our business. Further, given the nature of open source software, it may be more likely that third parties might assert copyright and other intellectual property infringement claims against us based on our use of these open source software programs. Litigation could be costly for us to defend, have a negative effect on our operating results and financial condition or require us to devote additional research and development resources to change our applications.

Although we are not aware of any use of open source software in our platform and applications that would require us to disclose all or a portion of the source code underlying our core applications, it is possible that such use may have inadvertently occurred in deploying our platform and applications, or that persons or entities may claim such disclosure to be required. Disclosing our proprietary source code could allow our competitors to create similar products with lower development effort and time and ultimately could result in a loss of sales for us. Disclosing the source code of our proprietary software could also make it easier for cyber attackers and other third parties to discover vulnerabilities in or to defeat the protections of our products, which could result in our products failing to provide our customers with the security they expect. Any of these events could have a material adverse effect on our business, operating results and financial condition. Additionally, if a third-party software provider has incorporated certain types of open source software into software we license from such third party for our platform and applications without our knowledge, we could, under certain circumstances, be required to disclose the source code to our platform and applications. This could harm our intellectual property position and our business, results of operations and financial condition.

**Risks Related to Ownership of Our Common Stock**

***Our stock price may be volatile and you may lose some or all of your investment.***

The market price of our common stock may be highly volatile and may fluctuate substantially as a result of a variety of factors, some of which are related in complex ways. Our stock price ranged from an intraday low of \$18.50 to an intraday high of \$35.55 during the year ended December 31, 2023. Factors that may affect the market price of our common stock include:

- actual or anticipated fluctuations in our financial condition and operating results;
- variance in our financial performance from expectations of securities analysts;
- changes in the prices of our applications;
- changes in our projected operating and financial results;
- changes in laws or regulations applicable to our platform and applications;
- announcements by us or our competitors of significant business developments, acquisitions or new applications;

- our involvement in any litigation;
- our sale of our common stock or other securities in the future;
- changes in senior management or key personnel;
- trading volume of our common stock;
- changes in the anticipated future size and growth rate of our market; and
- general economic, regulatory and market conditions.

Recently, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry fluctuations, as well as general economic, political, regulatory and market conditions, may negatively impact the market price of our common stock. In the past, companies that have experienced volatility in the market price of their securities have been subject to securities class action litigation. We may be the target of this type of litigation in the future, which could result in substantial costs and divert our management's attention.

***We may fail to meet our publicly announced guidance or other expectations about our business and future operating results, which would cause our stock price to decline.***

We have provided and may continue to provide guidance about our business, future operating results and other business metrics. In developing this guidance, our management must make certain assumptions and judgments about our future performance. Some of those key assumptions relate to the impact of the global geopolitical tension including as a result of the ongoing conflict between Ukraine and Russia, the evolving situation in the Middle East, the consequences of the COVID-19 pandemic, the anticipated contributions from the acquisitions of RedSky, xMatters and Anvil, and the associated economic uncertainty on our business and the timing and scope of economic activity globally, which are inherently difficult to predict. This guidance, which consists of forward-looking statements, is qualified by, and subject to, such assumptions, estimates and expectations as provided, and the other information contained in or referred to in the factors described in this Annual Report on Form 10-K and our other current and periodic reports filed with the Securities and Exchange Commission. While presented with numerical specificity, this guidance is necessarily speculative in nature, and is inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and are based upon specific assumptions with respect to future business decisions or economic conditions, some of which may change. It can be expected that some or all of the assumptions, estimates and expectations of the guidance furnished by us will not materialize or will vary significantly from actual results. Accordingly, our guidance is only an estimate of what management believes is realizable as of the date of release of such guidance. Furthermore, analysts and investors may develop and publish their own projections of our business, which may form a consensus about our future performance. Our business results may vary significantly from such guidance or that consensus due to a number of factors, many of which are outside of our control, including due to the global economic uncertainty and financial market conditions caused by the ongoing war in Ukraine, the evolving situation in the Middle East and the consequences of the COVID-19 pandemic, and which could adversely affect our operations and operating results. Furthermore, if we make downward revisions of our previously announced guidance, or if our publicly announced guidance of future operating results fails to meet expectations of securities analysts, investors or other interested parties, the price of our common stock would decline.

***Conversions of the 2026 Notes and 2024 Notes may dilute the ownership interest of existing stockholders to the extent we elect to satisfy our conversion obligation by delivering shares of our common stock. It may also otherwise depress the price of our common stock.***

In March 2021, we issued the 2026 Notes, which will mature on March 15, 2026, unless earlier redeemed or repurchased by us or converted by the holders thereof pursuant to their terms. In December 2019, we issued the 2024 Notes, which will mature on December 15, 2024, unless earlier redeemed or repurchased by us or converted by the holders thereof pursuant to their terms. The conversion of some or all of the convertible 2026 Notes and 2024 Notes may dilute the ownership interests of existing stockholders to the extent we elect to satisfy our conversion obligation by delivering shares of our common stock upon conversion of any of the 2026 Notes and 2024 Notes. As of December 31, 2023, approximately \$300.3 million principal amount of 2026 Notes and approximately \$63.5 million principal amount of 2024 Notes were outstanding. The 2026 Notes and 2024 Notes were not convertible during the year ended December 31, 2023. Any sales in the public market of the common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the 2026 Notes and 2024 Notes may encourage short selling by market participants because the conversion of the 2026 Notes and 2024 Notes could be used to satisfy short positions, or anticipated conversion of the 2026 Notes and 2024 Notes into shares of our common stock could depress the price of our common stock.

***The capped call transactions entered into when we issued the convertible notes may affect the value of our common stock.***

In connection with the issuances of the 2026 Notes and 2024 Notes, we entered into capped call transactions with the respective option counterparties. The capped call transactions are expected generally to reduce the potential dilution upon conversion of the 2026 Notes and 2024 Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted 2026 Notes and 2024 Notes, as the case may be, with such reduction and/or offset subject to a cap. In connection with establishing their initial hedges of the capped call transactions, the option counterparties or their respective affiliates entered into various derivative transactions with respect to our common stock concurrently with or shortly after the pricing of the 2026 Notes and 2024 Notes. The option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding derivatives with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market transactions prior to the maturity of the 2026 Notes and 2024 Notes (and are likely to do so during any observation period related to a conversion of 2026 Notes and 2024 Notes or in connection with any termination or unwind of the capped call transactions). This activity could cause or avoid an increase or a decrease in the market price of our common stock.

***We are obligated to maintain a system of effective internal control over financial reporting and any failure to maintain the adequacy of these internal controls may harm investor confidence in our company and, as a result, the value of our common stock.***

The Sarbanes-Oxley Act of 2002 requires that we maintain effective internal control over financial reporting and disclosure controls and procedures. We are required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. This assessment includes disclosure of any material weaknesses identified by our management in our internal control over financial reporting.

Our compliance with Section 404 necessitates that we incur substantial accounting expense and expend significant management efforts. We will continue to dedicate internal resources, engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting and to compile the system and process documentation necessary to perform the evaluation needed to comply with Section 404. However, we cannot assure you that our independent registered public accounting firm will be able to attest to the effectiveness of our internal control over financial reporting. We may not be able to remediate any material weaknesses that may be identified, or to complete our evaluation, testing and any required remediation in a timely fashion and our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed or operating.

Any failure to maintain adequate internal controls over financial reporting could severely inhibit our ability to accurately report our financial condition or results of operations. If we are unable to assert that our internal control over financial reporting is effective, or if our auditors are unable to express an opinion on the effectiveness of our internal controls when they are required to issue such opinion, investors could lose confidence in the accuracy and completeness of our financial reports, the market price of our common stock could decline, and we could be subject to sanctions or investigations by the Nasdaq Global Market, the SEC or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

***If securities or industry analysts do not publish research or reports about our business, or if they issue an adverse or misleading opinion regarding our stock, our stock price and trading volume could decline.***

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. We do not have any control over these analysts. If any of the analysts who cover us issue an adverse or misleading opinion regarding us, our business model, our intellectual property or our stock performance, or if operating results fail to meet the expectations of analysts, our stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

***We do not anticipate paying any cash dividends in the foreseeable future, and accordingly, stockholders must rely on stock appreciation for any return on their investment.***

We have never declared or paid any cash dividends on our common stock and do not intend to pay any cash dividends to holders of our common stock in the foreseeable future. As a result, capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future.

***Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our common stock.***

Provisions in our amended and restated certificate of incorporation and our amended and restated bylaws may have the effect of delaying or preventing a change in control or changes in our management. Our amended and restated certificate of incorporation and amended and restated bylaws include provisions that:

- authorize our Board to issue preferred stock, without further stockholder action and with voting liquidation, dividend and other rights superior to our common stock;
- require that any action to be taken by our stockholders be affected at a duly called annual or special meeting and not by written consent, and limit the ability of our stockholders to call special meetings;
- establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for director nominees;
- establish that our Board is divided into three classes, with directors in each class serving three-year staggered terms;
- require the approval of holders of two-thirds of the shares entitled to vote at an election of directors to adopt, amend or repeal our bylaws or amend or repeal the provisions of our certificate of incorporation regarding the election and removal of directors and the ability of stockholders to take action by written consent or call a special meeting;
- prohibit cumulative voting in the election of directors; and
- provide that vacancies on our Board may be filled only by the vote of a majority of directors then in office, even though less than a quorum.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our Board, which is responsible for appointing the members of our management. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the General Corporation Law of the State of Delaware, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any “interested” stockholder for a period of three years following the date on which the stockholder became an “interested” stockholder. Any of the foregoing provisions could limit the price that investors might be willing to pay in the future for shares of our common stock, and they could deter potential acquirers of our company, thereby reducing the likelihood that you would receive a premium for your common stock in an acquisition.

***Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware as the exclusive forum for certain litigation that may be initiated by our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us.***

Pursuant to our amended and restated certificate of incorporation, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (3) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws, or (4) any action asserting a claim governed by the internal affairs doctrine. Our amended and restated certificate of incorporation further provides that any person or entity purchasing or otherwise acquiring any interest in shares of our common stock is deemed to have notice of and consented to the foregoing provision. The forum selection clause in our amended and restated certificate of incorporation may limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us.

***Future sales of our common stock in the public market could cause our share price to decline.***

Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that sales, particularly sales by our directors, executive officers and significant stockholders, may have on the prevailing market price of our common stock. Additionally, the shares of common stock subject to outstanding options under our equity incentive plans and the shares reserved for future issuance under our equity incentive plans, as well as shares issuable upon vesting of restricted stock awards, will become eligible for sale in the public market in the future, subject to certain legal and contractual limitations.

In addition, in the future, we may issue common stock or other securities if we need to raise additional capital. The number of new shares of our common stock issued in connection with raising additional capital could constitute a material portion of our then-outstanding shares of our common stock.

***Activist investor actions threatened or commenced against us could cause us to incur substantial costs, divert management’s attention and resources, cause uncertainty about the strategic direction of our business and adversely affect our business, financial position and results of operations.***

Steps taken by activist shareholders from time to time could conflict with our strategic direction, divert the attention of our Board, management, and employees, be costly and time-consuming, and disrupt the momentum in our business and operations, as well as our ability to execute our strategic plan. For example, in connection with our 2022 Annual Meeting of our Shareholders (the “2022 Annual Meeting”), an activist investor announced that it intended to withhold support for certain directors nominated by the Board for reelection and made multiple public statements in recent months regarding the Company’s strategy, Board and management team. These types of actions may also create perceived uncertainties as to the future direction of our business or strategy, which may be exploited by our competitors and may make it more difficult to attract and retain qualified personnel, and may impact our relationship with investors, vendors, customers and other third parties. These types of actions could also impact the market price and the volatility of our common stock. In addition, we may choose to initiate, or may become subject to, litigation as a result of shareholder actions, which would serve as a further distraction to our Board, senior management and employees and could require us to incur significant additional costs.

## Risks Related to Our Indebtedness

### *We issued convertible notes that have rights senior to our common stock.*

In March 2021, we issued the 2026 Notes, which will mature on March 15, 2026, unless earlier redeemed or repurchased by us or converted by the holders thereof pursuant to their terms. In December 2019, we issued the 2024 Notes, which will mature on December 15, 2024, unless earlier redeemed or repurchased by us or converted by the holders thereof pursuant to their terms. As of December 31, 2023, approximately \$300.3 million principal amount of 2026 Notes and approximately \$63.5 million principal amount of 2024 Notes were outstanding.

The 2026 Notes and 2024 Notes rank senior in right of payment to all of our indebtedness that is expressly subordinated in right of payment to the 2026 Notes and 2024 Notes; equal in right of payment to all of our liabilities that are not so subordinated (including to the 2024 Notes, in the case of the 2026 Notes, and to the 2026 Notes, in the case of the 2024 Notes); effectively junior to any of our secured indebtedness, to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities (including trade payables) of our subsidiaries. In the event of our bankruptcy, liquidation, reorganization or other winding up, our assets that secure debt ranking senior or equal in right of payment to the 2026 Notes and 2024 Notes will be available to pay obligations on the 2026 Notes and 2024 Notes only after the secured debt has been repaid in full from these assets, and our assets will be available to pay common stockholders only after all debt obligations have been repaid. There may not be sufficient assets remaining to pay amounts due on any or all of the 2026 Notes and 2024 Notes then outstanding or any or all shares of our common stock then outstanding.

### *Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt.*

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including the 2026 Notes and 2024 Notes, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

As of December 31, 2023, we had \$363.7 million (undiscounted) principal amount of indebtedness under the 2026 Notes and 2024 Notes. Our indebtedness may:

- limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions or other general business purposes;
- limit our ability to use our cash flow or obtain additional financing for future working capital, capital expenditures, acquisitions or other general business purposes;
- require us to use a substantial portion of our cash flow from operations to make debt service payments;
- limit our flexibility to plan for, or react to, changes in our business and industry;
- place us at a competitive disadvantage compared to our less leveraged competitors; and
- increase our vulnerability to the impact of adverse economic and industry conditions.

In addition, any future indebtedness that we may incur may contain financial and other restrictive covenants that limit our ability to operate our business, raise capital or make payments under our other indebtedness. If we fail to comply with these covenants or to make payments under our indebtedness when due, then we would be in default under that indebtedness, which could, in turn, result in that and our other indebtedness becoming immediately payable in full.

***The accounting method for convertible debt securities that may be settled in cash, such as the 2026 Notes and 2024 Notes, could have a material effect on our reported financial results.***

In August 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity*. ASU 2020-06 reduced the number of accounting models for convertible instruments by eliminating two of the three models in Accounting Standards Codification (“ASC”) 470-20, *Debt—Debt with Conversion and Other Options*, that require separate accounting for embedded conversion features, amended the requirements for a contract that is potentially settled in an entity’s own shares to be classified in equity, and amended certain guidance on the computation of earnings per share for convertible instruments and contracts on an entity’s own equity. We adopted the standard on January 1, 2022 using the modified retrospective approach. Upon adoption of ASU 2020-06, we no longer separately present in equity the embedded conversion feature of the convertible senior notes. Instead, we account for the convertible senior notes wholly as debt. The elimination of the cash conversion model reduced reported interest expense in periods subsequent to adoption.

***The conditional conversion feature of the 2026 Notes and 2024 Notes, may adversely affect our financial condition and operating results.***

In the event the conditional conversion feature of the 2026 Notes or 2024 Notes is triggered, holders of the 2026 Notes or 2024 Notes, as the case may be, will be entitled to convert the 2026 Notes or 2024 Notes, as applicable, at any time during specified periods at their option. The 2026 Notes and 2024 Notes were not convertible during the year ended December 31, 2023. If one or more holders elect to convert their 2026 Notes or 2024 Notes, as the case may be, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their 2026 Notes or 2024 Notes, as the case may be, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the 2026 Notes or 2024 Notes, as applicable, as a current rather than long-term liability, which would result in a material reduction of our net working capital. As of December 31, 2023, the 2024 Notes are classified as current liabilities on the consolidated balance sheet as the notes mature in less than 12 months.

## **Risks Related to Taxation**

***Our ability to use our net operating losses to offset future taxable income may be subject to certain limitations.***

As of December 31, 2023, we had accumulated federal and state NOL carryforwards of \$238.1 million and \$212.0 million, respectively. Of the \$238.1 million federal NOL carryforwards, \$20.3 million were generated before January 1, 2018 (“pre-2018 losses”) and may be carried forward 20 years. The remaining \$217.9 million can be carried forward indefinitely but can only be utilized to offset 80% of taxable income. Of the \$212.0 million of state NOL carryforwards, \$28.4 million can be carried forward indefinitely with the remaining NOLs expiring in various years through 2043 if not utilized. In general, under Section 382 of the Internal Revenue Code of 1986, as amended (the “Code”), a corporation that undergoes an “ownership change” is subject to limitations on its ability to utilize its pre-change NOLs to offset future taxable income. Our existing NOLs may be subject to limitations arising from previous ownership changes. Future changes in our stock ownership, some of which are outside of our control, could result in an ownership change. There is also a risk that due to regulatory changes, such as suspensions on the use of NOLs, or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to offset future income tax liabilities. We completed a Section 382 study for the period through December 31, 2022 and determined that a Section 382 ownership change occurred on December 31, 2017 subjecting all pre-2018 losses to a utilization limitation. For these reasons, we may not be able to realize a tax benefit with respect to our NOLs, whether or not we attain profitability.

***Changes in our effective tax rate or tax liability may have an adverse effect on our results of operations.***

Our effective tax rate could be adversely impacted by several factors, including:

- Changes in the relative amounts of income before taxes in the various jurisdictions in which we operate that have differing statutory tax rates;
- Changes in tax laws, tax treaties and regulations or the interpretation of them;
- Changes to our assessment about the realizability of our deferred tax assets that are based on estimates of our future results, the prudence and feasibility of possible tax planning strategies, and the economic and political environments in which we do business;
- The outcome of future tax audits, examinations or administrative appeals;
- Changes in generally accepted accounting principles that affect the accounting for taxes; and
- Limitations or adverse findings regarding our ability to do business in some jurisdictions.

***We may have additional tax liabilities.***

We are subject to income taxes in the U.S. and many foreign jurisdictions and are commonly audited by various tax authorities. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. Significant judgment is required in determining our worldwide provision for income taxes. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different from our historical income tax provisions and accruals. The results of an audit or litigation could have a material effect on our financial statements in the period or periods for which that determination is made.

***Tax laws or regulations could be enacted or changed and existing tax laws or regulations could be applied to us or to our customers in a manner that could increase the costs of our software solutions and adversely impact our operating results.***

The application of federal, state, local and foreign tax laws to services provided electronically is continuously evolving. New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted or amended at any time, possibly with retroactive effect, and could be applied solely or disproportionately to services provided over the Internet. These enactments or amendments could adversely affect our sales activity due to the inherent cost increase the taxes would represent and could ultimately result in a negative impact on our operating results. For example, for certain research and experimental expenses incurred in tax years beginning after December 31, 2021, the Tax Cuts and Jobs Act requires the capitalization and amortization of such expenses over five years if incurred in the United States and fifteen years if incurred outside the United States, rather than deducting such expenses currently. There have been legislative proposals to repeal or defer the research and experimental expense capitalization rules, including legislation recently passed by the U.S. House of Representatives that would restore the deductibility of U.S. based research and experimental expenses but not non-U.S. research and experimental expenses; however, there can be no assurance that any such legislation will ultimately be enacted.

In addition, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, modified or applied adversely to us, possibly with retroactive effect, which could require us or our customers to pay additional tax amounts, as well as require us or our customers to pay fines or penalties, as well as interest on past amounts. If we are unsuccessful in collecting such taxes due from our customers, we could be held liable for such costs, thereby adversely impacting our operating results.

***We may be subject to additional obligations to collect and remit sales tax and other taxes, and we may be subject to tax liability for past sales, which could harm our business.***

State, local and foreign jurisdictions have differing rules and regulations governing sales, use, value added and other taxes, and these rules and regulations are subject to varying interpretations that may change over time. Further, these jurisdictions' rules regarding tax nexus are complex and vary significantly. If one or more jurisdictions were to assert that we have failed to collect taxes for sales of applications that leverage our platform, we could face the possibility of tax assessments and audits. A successful assertion that we should be collecting additional sales, use, value added or other taxes in those jurisdictions where we have not historically done so and do not accrue for such taxes could result in substantial tax liabilities and related penalties for past sales or otherwise harm our business and operating results.

## **General Risks**

***Uncertain or weakened global economic conditions, or reductions in information technology spending, may adversely affect our industry, business and results of operations.***

Our overall performance depends on domestic and worldwide economic conditions, which may remain challenging for the foreseeable future. Financial developments seemingly unrelated to us or to our industry may adversely affect us and our planned international expansion. The U.S. economy and other key international economies have been impacted by inflation, rising interest rates, the ongoing conflict between Ukraine and Russia, the evolving situation in the Middle East, financial and credit market fluctuations, outbreaks of contagious diseases, threatened sovereign defaults and ratings downgrades, falling demand for a variety of goods and services, restricted credit, threats to major multinational companies, poor liquidity, reduced corporate profitability, volatility in credit, equity and foreign exchange markets, bankruptcies and overall uncertainty. These conditions affect the rate of information technology spending and could adversely affect our customers' ability or willingness to purchase our applications and services, delay prospective customers' purchasing decisions, reduce the value or duration of their subscriptions or affect renewal rates, any of which could adversely affect our operating results. We cannot predict the timing, strength or duration of any economic slowdown, instability or recovery and the impacts worldwide, in the United States, or in our industry.

***Natural disasters, climate change and other events beyond our control could harm our business.***

Natural disasters, climate change, or other catastrophic events may cause damage or disruption to our operations, international commerce, and the global economy, and thus could have a strong negative effect on us. Our business operations are subject to interruption by natural disasters, climate-related events, pandemics, terrorism, political unrest, geopolitical instability, war, such as the war in Ukraine, the evolving situation in the Middle East and other events beyond our control. Although we maintain crisis management and disaster response plans, such events could make it difficult or impossible for us to deliver our solutions to our customers, could decrease demand for our solutions, and could cause us to incur substantial expense. Significant recovery time could be required to resume operations and our business could be harmed in the event of a major earthquake or other catastrophic event. Our insurance may not be sufficient to cover related losses or additional expenses that we may sustain. In addition to physical risks arising from changing climate and weather patterns, long-term effects of climate change on the global economy and the technology industry may negatively impact our business. We may also be subject to increased regulations, reporting requirements, standards, or expectations regarding the environmental impacts of our business, and failure to comply with such regulations, requirements, standards or expectations could adversely affect our reputation, business or financial performance.

***We are subject to various laws and regulations pertaining to export controls and trade and economic sanctions, which can impact our business activities and subject us to liability for noncompliance.***

Our activities are subject to various U.S. and foreign export control, import, and sanctions laws and regulations, including the U.S. Department of Commerce's Export Administration Regulations and the U.S. Department of the Treasury's Office of Foreign Assets Control economic and trade sanctions programs (collectively, "Trade Controls"). Trade Controls can restrict our ability to provide certain products and services, including in connection with Anvil's movement of assets between countries, and may from time to time may trigger regulatory licensing requirements. Our ability to secure requisite licensing is not guaranteed.

Trade Controls are subject to frequent change, and compliance therewith can be time- and resource-intensive. Although we have policies and procedures in place to ensure compliance, we cannot guarantee full compliance with those protocols, or with applicable Trade Controls. Violations of these regimes can result in significant financial penalties, loss of licensing privileges, other administrative penalties, reputational harm, and adverse business impact.

***Litigation or legal proceedings could expose us to significant liabilities and have a negative impact on our reputation or business. For example, we are subject to putative securities class litigation and certain officers and directors have been named in a related derivative complaint, which will result in significant legal expense and could divert management attention and adversely impact our business.***

From time to time, we may be party to various claims and litigation proceedings. For example, in April 2022, a putative securities class action complaint was filed against us and certain of our officers and in June 2022, derivative complaints were filed against our officers and directors. These cases are still pending. See Note 19, Commitments and Contingencies, of the notes to consolidated financial statements for more information. We evaluate these claims and litigation proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we may establish reserves, as appropriate. These assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgment. Actual outcomes or losses may differ materially from our assessments and estimates.

Even when not merited, the defense of these lawsuits will result in legal fees and may divert management's attention, and we may incur significant expenses in defending these lawsuits. The results of litigation and other legal proceedings are inherently uncertain, and adverse judgments or settlements in some of these legal disputes may result in adverse monetary damages, penalties or injunctive relief against us, which could negatively impact our financial position, cash flows or results of operations.

Furthermore, while we maintain insurance for certain potential liabilities, such insurance does not cover all types and amounts of potential liabilities and is subject to various exclusions as well as caps on amounts recoverable. Even if we believe a claim is covered by insurance, insurers may dispute our entitlement to recovery for a variety of potential reasons, which may affect the timing and, if the insurers prevail, the amount of our recovery.

***Our business is subject to the risks of earthquakes, fires, floods and other natural catastrophic events and to interruption by man-made problems such as cyber incidents or terrorism.***

Our business and operations are vulnerable to damage or interruption from earthquakes, fires, floods, power losses, telecommunications failures, terrorist attacks, acts of war, human errors, break-ins and similar events affecting us or third-party vendors we rely on, any of which could have a material adverse impact on our business, operating results and financial condition. Acts of terrorism, which may be targeted at metropolitan areas that have higher population density than rural areas, could cause disruptions in our or our customers' businesses or the economy as a whole. Our servers and those of our third-party vendors may also be vulnerable to cyber incidents, break-ins and similar disruptions from unauthorized tampering with our computer systems, which could lead to interruptions, delays, loss of critical data or the unauthorized disclosure of confidential customer data. We or our customers may not have sufficient protection or recovery plans in place, and our business interruption insurance may be insufficient to compensate us for losses that may occur. As we rely heavily on our servers, computer and communications systems, that of third parties and the Internet to conduct our business and provide high quality customer service, such disruptions could have an adverse effect on our business, operating results and financial condition.

***Legislative actions and new accounting pronouncements are likely to impact our future financial position or results of operations.***

Future changes in financial accounting standards may cause adverse, unexpected revenue fluctuations and affect our financial position or results of operations. New pronouncements and varying interpretations of pronouncements have occurred with frequency in the past and are expected to occur again in the future and as a result we may be required to make changes in our accounting policies. Those changes could adversely affect our reported revenues and expenses, future profitability or financial position. Compliance with new regulations regarding corporate governance and public disclosure may result in additional expenses.

For example, in October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*. ASU 2021-08 requires the recognition and measurement of contract assets and contract liabilities acquired in a business combination in accordance with ASC 606, *Revenue from Contracts with Customers*. Considerations to determine the amount of contract assets and contract liabilities to record at the acquisition date include the terms of the acquired contract, such as timing of payment, identification of each performance obligation in the contract and allocation of the contract transaction price to each identified performance obligation on a relative standalone selling price basis as of contract inception. We adopted ASU 2021-08 on January 1, 2023 on a prospective basis. The adoption of this standard did not have an impact on our consolidated financial statements.

The application of existing or future financial accounting standards, particularly those relating to the way we account for revenues and costs, could have a significant impact on our reported results. In addition, compliance with new regulations regarding corporate governance and public disclosure may result in additional expenses. As a result, we intend to invest all reasonably necessary resources to comply with evolving standards, and this investment may result in increased general and administrative expenses and a diversion of management time and attention from business activities to compliance activities.

***Impairment of goodwill and other intangible assets would result in a decrease in our earnings.***

Current accounting rules provide that goodwill and other intangible assets with indefinite useful lives may not be amortized but instead must be tested for impairment at least annually. These rules also require that intangible assets with definite useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. We have substantial goodwill and other intangible assets, and we would be required to record a significant charge to earnings in our consolidated financial statements during the period in which any impairment of our goodwill or intangible assets is determined. Any impairment charges or changes to the estimated amortization periods would result in a decrease in our earnings.

***We face exposure to foreign currency exchange rate fluctuations.***

As our international operations expand, our exposure to the effects of fluctuations in currency exchange rates grows. While we have primarily transacted with customers and vendors in U.S. dollars historically, we expect to continue to expand the number of transactions with our customers that are denominated in foreign currencies in the future. Fluctuations in the value of the U.S. dollar and foreign currencies may make our subscriptions more expensive for international customers, which could harm our business. Additionally, we incur expenses for employee compensation and other operating expenses at our non-U.S. locations in the local currency for such locations. Fluctuations in the exchange rates between the U.S. dollar and other currencies could result in an increase to the U.S. dollar equivalent of such expenses. These fluctuations could cause our results of operations to differ from our expectations or the expectations of our investors. Additionally, such foreign currency exchange rate fluctuations could make it more difficult to detect underlying trends in our business and results of operations.

We do not currently maintain a program to hedge transactional exposures in foreign currencies. However, in the future, we may use derivative instruments, such as foreign currency forward and option contracts, to hedge certain exposures to fluctuations in foreign currency exchange rates. The use of such hedging activities may not offset any or more than a portion of the adverse financial effects of unfavorable movements in foreign exchange rates over the limited time the hedges are in place. Moreover, the use of hedging instruments may introduce additional risks if we are unable to structure effective hedges with such instruments.

**Item 1B. Unresolved Staff Comments.**

None

**Item 1C. Cybersecurity.**

***Risk Management and Strategy***

We have implemented and maintain various information security processes designed to identify, assess and manage material risks from cybersecurity threats to our critical systems, information and other information technology assets (including those of third parties upon which we rely).

The information security function is overseen by our Chief Information Security Officer (“CISO”) and is supported by the Information Security and Privacy Committee (“ISPC”), which is made up of members of our executive management team including our Chief Legal & Compliance Officer and Chief Information Officer (“CIO”).

The information security function works to identify and assess risks from cybersecurity threats by monitoring and evaluating internal and external cybersecurity threats including, for example using automated and manual tools and controls in certain environments and systems, overseeing internal and external audits, conducting vulnerability assessments and penetration tests in certain environments and systems, and facilitating tabletop incident response exercises. Our assessment and management of material risks from cybersecurity threats are integrated into the Company’s overall risk management processes. For example, cybersecurity risk is addressed as a component of the Company’s enterprise risk management program.

Depending on the environment and system, we implement and maintain various technical, physical, and organizational measures, processes, standards and policies designed to manage and mitigate material risks from cybersecurity threats to our critical systems, information and assets, including, for example: incident response plan and incident response policy, systems monitoring, vulnerability management policy, third party management program, failover and contingency plans, employee training, cybersecurity insurance, encryption of certain data, dedicated cybersecurity staff, network security controls and data segregation for certain environments and systems, physical security controls, and certain cloud security posture management processes.

We use third-party service providers to assist us from time to time to identify, assess, and manage material risks from cybersecurity threats, including for example professional services firms (such as outside legal counsel), penetration testing firms, threat intelligence service providers, forensic investigators, and cybersecurity software providers.

We use third-party service providers to perform a variety of functions throughout our business, such as application providers, hosting companies, and other vendors that help us provide critical business services. We have a risk management process to manage cybersecurity risks associated with our use of certain of these third-party providers. Depending on the nature of the services provided, the sensitivity of the critical systems, information and assets at issue, and the identity of the provider, our third-party risk management process may involve different levels of assessment designed to help identify cybersecurity risks associated with a provider, including, for example, risk assessments that include a review of security risk and questionnaires.

For a description of the risks from cybersecurity threats that may materially affect the Company and how they may do so, see our risk factors under Part 1. Item 1A. Risk Factors in this Annual Report on Form 10-K, including “Risks Related to Cybersecurity and Reliability.”

## ***Governance***

Our Board addresses the Company's cybersecurity risk management as part of its general oversight function.

Our cybersecurity risk assessment and management processes are implemented and maintained by certain Company management, including our CISO, who has over 20 years of information security experience; our CIO, who has over 20 years of experience in information technology and cybersecurity; our Deputy CISO who has over 20 years of experience in the information technology and cybersecurity industry; and our Chief Legal & Compliance Officer, who has served as chief legal and compliance officer of various companies for the past five years.

Our CISO, who reports to the CIO, is responsible for hiring appropriate personnel, approving budgets, helping prepare for cybersecurity incidents, approving cybersecurity processes, and reviewing security assessments and other security-related reports.

Our cybersecurity incident response and vulnerability management policies are designed to escalate certain cybersecurity incidents to members of management depending on the circumstances, including the CIO, Chief Legal & Compliance Officer, and others, who help the Company mitigate and remediate cybersecurity incidents of which they are notified and who may further notify the Board in accordance with such policies.

Our CIO, CISO, and Chief Legal & Compliance Officer report quarterly to the ISPC and the Board concerning the Company's significant cybersecurity threats and risk and the processes the Company has implemented to address them.

## **Item 2. Properties.**

Our principal executive offices are located in Burlington, Massachusetts, where we occupy an approximately 36,700 square-foot facility under an amended lease expiring on May 31, 2031. Our principal executive offices are also located in Pasadena, California, where we occupy an approximately 19,000 square-foot facility as of December 31, 2023. During 2024, we will reduce our Pasadena, California occupancy to approximately 7,100 square-feet under an amended lease entered into in 2023, which will expire on January 1, 2031. We also have additional offices in the United States as well as internationally including Canada, China, Germany, India, Netherlands, New Zealand, Norway, Singapore, Sweden, Switzerland and the United Kingdom.

We believe that our current facilities are suitable and adequate to meet our current needs. We intend to add new facilities or expand existing facilities as we add employees, and we believe that suitable additional or substitute space will be available as needed to accommodate any such expansion of our operations.

## **Item 3. Legal Proceedings.**

See Note 19 in the notes to our consolidated financial statements included in this Annual Report on Form 10-K for a discussion of our legal proceedings, which is incorporated herein by reference.

## **Item 4. Mine Safety Disclosures.**

Not applicable

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common stock, is listed on The Nasdaq Global Market under the symbol “EVBG.”

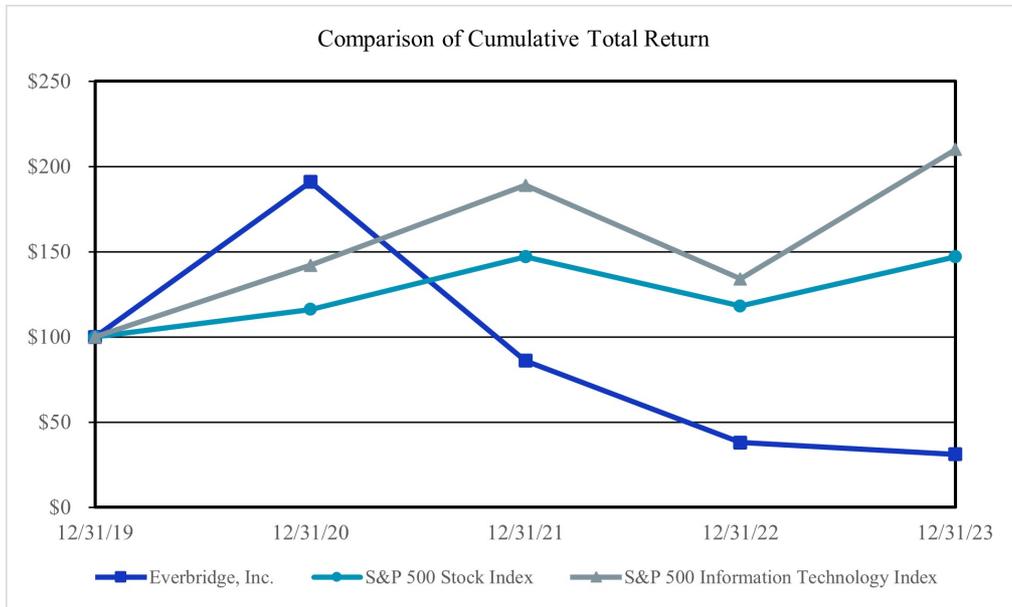
As of December 31, 2023, there were 113 holders of record of our common stock. Because many of our shares are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders.

Stock Performance Graph

This section is not “soliciting material,” is not deemed “filed” with the SEC and shall not be deemed incorporated by reference into any of our other filings under the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended, (the “Securities Act”) whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

The following graph compares the cumulative total return for an investment of \$100 in our common stock, the S&P 500 Stock Index and the S&P 500 Information Technology Index. Data for the S&P 500 Stock Index and the S&P 500 Information Technology Index assume reinvestment of dividends.

The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our common stock.



	<u>December 31, 2019</u>	<u>December 31, 2020</u>	<u>December 31, 2021</u>	<u>December 31, 2022</u>	<u>December 31, 2023</u>
Everbridge, Inc.	\$ 100.00	\$ 191.00	\$ 86.00	\$ 38.00	\$ 31.00
S&P 500 Stock Index	\$ 100.00	\$ 116.00	\$ 147.00	\$ 118.00	\$ 147.00
S&P 500 Information Technology Index	\$ 100.00	\$ 142.00	\$ 189.00	\$ 134.00	\$ 210.00

**Recent Sales of Unregistered Securities**

None.

**Issuer Purchases of Equity Securities**

None.

**Securities Authorized for Issuance Under Equity Compensation Plans**

Information about securities authorized for issuance under our equity compensation plan is incorporated herein by reference to Item 12 of Part III of this Annual Report on Form 10-K.

**Item 6. [Reserved]**

## Item 7. 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 consolidated financial statements and related notes appearing elsewhere in this Annual Report on Form 10-K. In addition to historical financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those contained in or implied by any forward-looking statements. Factors that could cause or contribute to these differences include those under "Risk Factors" included in Part I, Item 1A or in other parts of this Annual Report on Form 10-K.*

### Overview

Everbridge is a global software company that empowers resilience by leveraging intelligent automation technology to enable customers to anticipate, mitigate, respond to, and recover from critical events to keep people safe and organizations running. During public safety threats including severe weather conditions, active shooter situations, terrorist attacks or a pandemic, as well as critical business events such as IT outages, cyber-attacks, product recalls or supply-chain interruptions, global customers rely on our Critical Event Management platform to empower their resilience and to quickly and reliably aggregate and assess threat data, locate people at risk and responders able to assist, automate the execution of pre-defined communications processes through the secure delivery to a comprehensive range of different communication channels and devices, and track progress on executing response plans. Our customers use our platform to identify and assess hundreds of different types of threats to their organizations, people, assets or brand. Our solutions enable organizations to automate and deliver intelligent, contextual messages to, and receive verification of delivery from, hundreds of millions of recipients, across multiple communications modalities such as voice, SMS and email, in several languages and dialects – all simultaneously. Our Critical Event Management platform is comprised of a comprehensive set of software applications packaged for organizations to address five core use cases, safeguarding: Business Operations, People Resilience, Digital Operations, Smart Security, and Public Safety. Our individual products address the full spectrum of tasks an organization requires to manage a critical event, including Mass Notification, Safety Connection, IT Alerting, Risk Intelligence, Public Warning, Community Engagement, Crisis Management, CareConverge, Control Center, Travel Protector, SnapComms and E911. Our applications leverage the Everbridge Critical Event Management platform, permitting customers to use a single contacts database, rules engine of algorithms and hierarchies, and user interface to accomplish multiple objectives. We believe that our broad suite of integrated applications delivered via a single global CEM platform is a significant competitive advantage in the resilience market for CEM solutions.

Our customer base has grown from 867 customers at the end of 2011 to more than 6,700 customers as of December 31, 2023. Our customers are based in over 87 countries and include the majority of FORTUNE 50 businesses, and many of the largest cities, airports, health systems, manufacturers, and universities around the world. We provide our applications to customers of varying sizes, including enterprises, small businesses, non-profit organizations, educational institutions and governmental agencies. Our customers span a wide variety of industries including technology, energy, financial services, healthcare and life sciences, manufacturing, media and entertainment, retail, higher education and professional services.

We sell all of our critical event management applications on a subscription basis. We generally enter into contracts that range from one to three years in length, with an average contract duration of 1.7 years as of December 31, 2023, and generally bill and collect payment annually in advance. We derive most of our revenue from subscriptions to applications. On average, 95% of the revenue that we recognized in each of the eight most recently completed quarters was generated from contracts entered into in prior quarters or renewals of those contracts; the balance of the revenue that we recognized in each such quarter was generated from contracts entered into with new customers or new contracts, other than renewals, entered into with existing customers in such quarter. Our pricing model is based on the number of applications subscribed to and, per application, the number of people, locations and things connected to our platform as well as the volume of communications. We also offer premium services including data feeds for social media, threat intelligence and weather. We generate additional revenue by expanding the number of applications that our customers subscribe to and the number of contacts and devices connected to our platform.

We generated revenue of \$448.8 million in 2023, \$431.9 million in 2022, \$368.4 million in 2021 and \$271.1 million in 2020, representing year-over-year increases of 4% in 2023, 17% in 2022 and 36% in 2021. We had net losses of \$47.3 million, \$61.2 million, \$94.8 million and \$93.4 million in 2023, 2022, 2021 and 2020, respectively.

As of December 31, 2023, and 2022, 19% of our customers in each period were located outside of North America and these customers generated 25% and 26% of our total revenue for the years ended December 31, 2023 and 2022, respectively. North America includes United States and Canada and International aggregates international revenues excluding Canada.

We have focused on rapidly growing our business and believe that the future growth of our business is dependent on many factors, including our ability to increase the functionality of our platform and applications, expand our customer base, accelerate adoption of our applications beyond Mass Notification within our existing customer base and expand our international presence. Our future growth will also depend on the growth in the market for critical event management solutions and our ability to effectively compete. In order to further penetrate the market for critical event management solutions and capitalize on what we believe to be a significant opportunity, we intend to continue to invest in research and development, build-out our data center infrastructure and services capabilities and hire additional sales representatives, both domestically and internationally, to drive sales to new customers and incremental sales of new applications to existing customers. Nevertheless, we expect to continue to incur losses in the near term and, if we are unable to achieve our growth objectives, we may not be able to achieve profitability.

## **Recent Developments**

### ***Proposed Merger with Thoma Bravo***

On February 4, 2024, we entered into the Merger Agreement with Parent and Merger Sub. The Merger Agreement provides that, subject to the terms and conditions set forth in the Merger Agreement, Merger Sub will merge with and into Everbridge, with Everbridge continuing as the surviving corporation of the Merger and a wholly owned subsidiary of Parent. Parent and Merger Sub are affiliates of the Thoma Bravo Fund, an investment fund managed by Thoma Bravo.

Under the Merger Agreement, at the Effective Time, each share of common stock of the Company outstanding immediately prior to the Effective Time (except for certain shares specified in the Merger Agreement) will be cancelled and automatically converted into the right to receive cash in an amount equal to \$28.60 per share, without interest and subject to applicable withholding taxes.

The agreement includes a 25-day “go-shop” period expiring on 11:59 p.m. Eastern Time on February 29, 2024, which permits our Board and advisors to actively initiate and solicit alternative acquisition proposals from certain third parties, as described in the Merger Agreement. Our Board has the right to terminate the Merger Agreement to accept a superior proposal subject to the terms and conditions of the Merger Agreement. We do not intend to disclose developments with respect to the solicitation process unless and until we determine such disclosure is appropriate or otherwise required.

Completion of the Merger remains subject to customary closing conditions, including (1) the adoption of the Merger Agreement by the holders of a majority of the voting power of the outstanding shares of common stock of the Company, (2) the expiration or early termination of the applicable waiting period under the HSR Act and the receipt of other specified regulatory approvals and (3) the absence of an order or law preventing the Merger.

Either the Company or Parent may terminate the Merger Agreement under certain circumstances, including if (1) the Effective Time has not occurred by the Termination Date, which may be extended to November 4, 2024 if certain closing conditions related to the receipt of required regulatory approvals have not been satisfied at such time, (2) a governmental authority of competent jurisdiction has issued a final non-appealable governmental order preventing the Merger or (3) the stockholders of the Company fail to adopt the Merger Agreement.

Upon completion of the transaction, Everbridge will become a privately held company and will continue to operate under the Everbridge name and brand. The transaction is expected to close in the second calendar quarter of 2024, subject to customary closing conditions and approvals. For further information, see Note 21, Subsequent Events, of the notes to consolidated financial statements.

#### ***Appointment of New Chief Financial Officer and Departure of Chief Financial Officer***

Pursuant to a preexisting succession plan, on February 4, 2024, we appointed David Rockvam as Executive Vice President and Chief Financial Officer, effective immediately. Mr. Rockvam succeeds Patrick Brickley whose last day of employment will be March 15, 2024, after which time he will remain as a consultant to assist with the transition under the terms of a consulting agreement described below.

On February 4, 2024, Mr. Brickley entered into a consulting agreement with us. The term of the consulting agreement begins on February 17, 2024 and ends on December 31, 2024, unless terminated earlier by us for “cause.”

#### ***Departure of Chief Accounting Officer***

On February 26, 2024, Phillip E. Huff, our Chief Accounting Officer and principal accounting officer, provided notice he was resigning from his position as Chief Accounting Officer, effective March 22, 2024, and entered into a consulting agreement with us. The term of the consulting agreement begins on March 23, 2024 and ends on May 10, 2024, unless terminated earlier by us for “cause.” For additional information, see “Departure of Chief Accounting Officer” set forth in Part II, Item 9B of this Annual Report on Form 10-K.

#### ***Litigation Settlement Agreement***

On January 31, 2024, we entered into a settlement agreement with respect to a previously disclosed lawsuit filed in the United Kingdom Commercial Court against us and Everbridge Holdings Limited, our wholly-owned subsidiary, by certain former shareholders of The Anvil Group (International) Limited, Anvil Worldwide Limited and The Anvil Group Limited. Under the terms of the Settlement Agreement, we paid \$25 million to settle the claims. For further information, see Note 19, Commitments and Contingencies, of the notes to consolidated financial statements.

#### ***Convertible Notes Repurchases and Capped Call Partial Termination***

During the three months ended September 30, 2023, we paid approximately \$65.7 million in cash to repurchase approximately \$70.1 million principal amount of our 2024 Notes and approximately \$64.9 million in cash to repurchase approximately \$74.7 million principal amount of our 2026 Notes. Additionally, during the three months ended December 31, 2023, we partially terminated capped call options entered into in connection with the 2024 Notes and received approximately \$33 thousand.

#### ***2022 Strategic Realignment Amendment***

On May 3, 2022, our Board approved a program to strategically realign our resources in order to accelerate and grow our investments in our largest growth opportunities while streamlining our operations, as amended in November 2022. On July 27, 2023, our Board approved an additional amendment to the 2022 Strategic Realignment program to include additional targeted realignment and reduction of workforce and other third-party spend. The 2022 Strategic Realignment is expected to be substantially completed by the first half of fiscal 2024.

#### ***Florida Division of Emergency Management Contract***

On April 21, 2023, we reported that we were notified of the termination of our contract with the Florida Division of Emergency Management one year early, effective June 30, 2023. On April 27, 2023, we entered into a Contract amendment with the FDEM that rescinds the termination and modifies the end date of the Contract to December 31, 2023. The amendment also added an option for a six-month renewal of service, which was exercised, to June 30, 2024, the original length of the Contract.

### ***Other Business and Macroeconomic Conditions***

Rising interest rates present a recent challenge impacting the U.S. economy and could make it more difficult for us to obtain traditional financing on acceptable terms, if at all, in the future. The general consensus among economists suggests that we should expect a higher recession risk to continue over the next year, which, together with rising interest rates and inflation, could result in further economic uncertainty and volatility in the capital markets in the near term, and could negatively affect our operations. Furthermore, such economic conditions have produced downward pressure on share prices. Although we do not believe that inflation has had a material impact on our financial position or results of operations to date, we may experience increases in the near future, especially if inflation rates continue to rise, on our operating costs including our labor costs, employee availability and wage increases, consequences associated with COVID-19, the ongoing war in Ukraine and the evolving situation in the Middle East, which may result in additional stress on our working capital resources. Additionally, in March 2023, Silicon Valley Bank and Signature Bank were closed and taken over by the Federal Deposit Insurance Corporation, which raised concern regarding the stability of other banks in the United States and in particular with respect to regional banks. While we have not been materially impacted by such events to date, if our primary banking partners or the banking partners of our customers were to experience a similar crisis, it may cause a material impact on our liquidity, including the ability to access our cash and cash equivalents, or the liquidity of our customers such as delays in, or failure to, make payments, or reduce their demand for our products.

### **Presentation of Financial Statements**

Our consolidated financial statements include the accounts of our wholly-owned subsidiaries. Business acquisitions are included in our consolidated financial statements from the date of the acquisition. Our purchase accounting resulted in all assets and liabilities of acquired businesses being recorded at their estimated fair values on the acquisition dates. All intercompany balances and transactions have been eliminated in consolidation.

We report our financial results as one operating segment. Our operating results are regularly reviewed on a consolidated basis by our chief executive officer, who is our chief operating decision maker, principally to make strategic decisions regarding how we allocate our resources and to assess our consolidated operating performance.

### **Components of Results of Operations**

#### ***Revenue***

We derive most of our revenue from the sale of subscriptions to our critical event management and enterprise safety applications.

We generally bill and collect payment for our subscriptions annually in advance. All revenue billed in advance of services being delivered is recorded in deferred revenue. The initial subscription period typically ranges from one to three years. We offer varying levels of customer support based on customer needs and the complexity of their businesses, including the level of usage by a customer in terms of minutes or the amount of data used to transmit the notifications. Our pricing model is based on the number of applications subscribed to and, per application, the number of people, locations and things connected to our platform as well as the volume of communications. We also offer premium services including data feeds for social media, threat intelligence and weather. We generate additional revenue by expanding the number of premium features and applications that our customers subscribe to and the number of contacts connected to our platform. Our revenue growth in the near-term may be adversely affected by our ability to integrate our recent acquisitions, drive new client adoption and sales of our full-suite of solutions.

We also sell professional services, which primarily consist of fees for deployment and optimization services as well as training. In addition, we also sell our software and related post contract support for on premises usage.

### ***Cost of Revenue***

Cost of revenue includes expenses related to the fulfillment of our subscription services, consisting primarily of employee-related expenses for data center operations and customer support, including salaries, bonuses, benefits and stock-based compensation expense. Cost of revenue also includes hosting costs, messaging costs and depreciation and amortization. As we add data center capacity and support personnel in advance of anticipated growth, our cost of revenue will increase and, if anticipated revenue growth does not occur, our gross profit will be adversely affected.

### ***Operating Expenses***

Operating expenses consist of sales and marketing, research and development and general and administrative expenses. Salaries, bonuses, stock-based compensation expense and other personnel costs are the most significant components of each of these expense categories. We include stock-based compensation expense incurred in connection with the grant of stock options, restricted stock units, performance-based restricted stock units, market-based grants and our employee stock purchase plan within the applicable operating expense category based on the equity award recipient's functional area.

### ***Sales and Marketing***

Sales and marketing expense primarily consists of employee-related expenses for sales, marketing and public relations employees, including salaries, bonuses, commissions, benefits and stock-based compensation expense. Sales and marketing expense also includes trade show, market research, advertising and other related external marketing expense as well as office and software related costs to support sales. We defer certain sales commissions related to acquiring new customers or services and amortize these expenses ratably over the period of benefit that we have determined to be four years. Sales commissions attributable to professional services are expensed within twelve months of selling the service to the customer. We plan to continue to expand our sales and marketing activities to grow our customer base and increase sales to existing customers. This growth will include expanding our marketing activities to continue to generate additional leads and build brand awareness.

### ***Research and Development***

Research and development expense primarily consists of employee-related expenses for research and development staff, including salaries, bonuses, benefits and stock-based compensation expense. Research and development expense also includes the cost of certain third-party services, office-related costs to support research and development activities, software subscriptions and hosting costs. We capitalize certain software development costs that are attributable to developing new applications and adding incremental functionality to our platform and amortize these costs over the estimated life of the new application or incremental functionality, which is generally three years. We focus our research and development efforts on improving our applications, developing new applications and delivering new functionality. After the 2022 Strategic Realignment (as defined below) is completed, we expect a reduction in operational costs.

### ***General and Administrative***

General and administrative expense primarily consists of employee-related expenses for administrative, legal, finance and human resource personnel, including salaries, bonuses, benefits and stock-based compensation expense. General and administrative expense also includes professional fees, insurance premiums, corporate expenses, transaction-related costs, office-related expenses, facility costs, depreciation and amortization and software license costs.

***Restructuring***

In May 2022, our Board approved the 2022 Strategic Realignment, as amended, to strategically realign our resources in order to accelerate and grow our investments in our largest growth opportunities while streamlining our operations. This program is in support of the 2022 strategic initiatives to simplify our business and accelerate the integration of recent acquisitions, and will help to drive the financial outcomes of sustainable growth and improved profitability and cash flow. The 2022 Strategic Realignment program includes a targeted realignment and reduction of headcount, facilities and other third-party spend. Restructuring expense consists of 2022 Strategic Realignment program expenses related to headcount, facilities and other third-party spend. See Note 20 in the notes to our consolidated financial statements included in this Annual Report on Form 10-K.

***Interest and Investment Income***

Interest income consists of interest earned on our cash balances held at financial institutions. Investment income consists of interest earned on our money market funds.

***Interest Expense***

Interest expense consists of interest on our outstanding debt obligations including amortization of debt discounts and offering costs.

***Gain (Loss) on Extinguishment of Debt, Capped Call Modification and Change in Fair Value***

Gain (loss) on extinguishment of debt, capped call modification and change in fair value relates to the partial extinguishment of our 2026 Notes and 2024 Notes, extinguishment of our 2022 Notes, modification of a 2022 Notes capped call agreement, change in the fair value of 2022 Notes capped call options which were settled in cash and extinguishment of consideration loan notes issued in connection with our Anvil acquisition.

***Other Income (Expense), Net***

Other income (expense), net, net consists primarily of realized foreign currency gains and losses.

## Results of Operations

The following tables set forth our results of operations for the periods presented and as a percentage of our total revenue for those periods. Results of operations for the years ended December 31, 2023 and 2022 reflects the adoption of ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity*. See Note 9 of the notes to consolidated financial statements for more information. Financial data for the year ended December 31, 2021 does not reflect the adoption of ASU 2020-06. The period-to-period comparison of our historical results is not necessarily indicative of the results that may be expected in the future (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Revenue	\$ 448,788	\$ 431,892	\$ 368,433
Cost of revenue <sup>(1)</sup>	131,487	134,934	114,216
Gross profit	317,301	296,958	254,217
Operating expenses:			
Sales and marketing <sup>(1)</sup>	159,092	173,621	161,337
Research and development <sup>(1)</sup>	95,468	95,986	81,647
General and administrative <sup>(1)</sup>	120,519	99,365	87,482
Restructuring	3,621	12,169	—
Total operating expenses	378,700	381,141	330,466
Operating loss	(61,399)	(84,183)	(76,249)
Other income (expense), net	17,802	20,611	(31,126)
Loss before income taxes	(43,597)	(63,572)	(107,375)
Benefit from (provision for) income taxes	(3,708)	2,398	12,579
Net loss	\$ (47,305)	\$ (61,174)	\$ (94,796)

(1) Includes stock-based compensation expense and depreciation and amortization for intangible assets, capitalized software development costs and property and equipment as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
<b>Stock-based compensation expense:</b>			
Cost of revenue	\$ 6,171	\$ 5,468	\$ 3,678
Sales and marketing	17,313	15,917	15,936
Research and development	12,225	9,967	8,717
General and administrative	13,180	16,268	15,764
Total	\$ 48,889	\$ 47,620	\$ 44,095

	Year Ended December 31,		
	2023	2022	2021
<b>Depreciation and amortization expense:</b>			
Cost of revenue	\$ 25,615	\$ 24,896	\$ 21,508
Sales and marketing	1,391	1,210	930
Research and development	1,197	933	710
General and administrative	30,612	33,561	30,020
Total	\$ 58,815	\$ 60,600	\$ 53,168

The following table sets forth our consolidated statements of operations as a percentage of revenue <sup>(1)</sup>:

	Year Ended December 31,		
	2023	2022	2021
Revenue	100 %	100 %	100 %
Cost of revenue	29 %	31 %	31 %
Gross profit	71 %	69 %	69 %
Operating expenses:			
Sales and marketing	35 %	40 %	44 %
Research and development	21 %	22 %	22 %
General and administrative	27 %	23 %	24 %
Restructuring	1 %	3 %	0 %
Total operating expenses	84 %	88 %	90 %
Operating loss	(14)%	(19)%	(21)%
Other income (expense), net	4 %	5 %	(8)%
Loss before income taxes	(10)%	(15)%	(29)%
Benefit from (provision for) income taxes	(1)%	1 %	3 %
Net loss	(11)%	(14)%	(26)%

(1) Columns may not add up to 100% due to rounding.

### Year Ended December 31, 2023 Compared to the Year Ended December 31, 2022

#### Revenue

(dollars in thousands)	Year Ended December 31,		Change	
	2023	2022	\$	%
Revenue	\$ 448,788	\$ 431,892	\$ 16,896	3.9%

Revenue increased by \$16.9 million in 2023 compared to 2022. The increase was due to a \$16.9 million increase in sales of our solutions driven by expansion of our customer base from 6,513 customers as of December 31, 2022 to 6,747 as of December 31, 2023, including increased sales to larger organizations with greater numbers of contacts and locations.

#### Cost of Revenue

(dollars in thousands)	Year Ended December 31,		Change	
	2023	2022	\$	%
Cost of revenue	\$ 131,487	\$ 134,934	\$ (3,447)	(2.6)%
Gross margin %	71 %	69 %		

Cost of revenue decreased by \$3.4 million in 2023 compared to 2022. The decrease was primarily due to a \$3.0 million decrease in employee-related costs, which include stock-based compensation and employee-related costs related to the 2022 Strategic Realignment. There were 393 and 407 employees as of December 31, 2023 and 2022, respectively. The remaining decrease was principally the result of a \$1.3 million decrease in travel risk management, operational resiliency and occupational health solutions costs and a \$0.1 million decrease attributed to office and other related expenses to support revenue generating activities. These amounts were offset by a \$0.7 million increase in depreciation and amortization expense attributed to our fixed assets, acquired intangibles and capitalized software and a \$0.3 million increase in hosting, software and messaging costs and other costs.

Gross margin percentage increased in 2023 as compared to 2022 due to revenue growth and reduced cost of revenue.

## Operating Expenses

### Sales and Marketing Expense

(dollars in thousands)	Year Ended December 31,		Change	
	2023	2022	\$	%
Sales and marketing	\$ 159,092	\$ 173,621	\$ (14,529)	(8.4)%
% of revenue	35%	40%		

Sales and marketing expense decreased by \$14.5 million in 2023 compared to 2022. The decrease was primarily due to a \$12.0 million decrease in employee-related costs, which include stock-based compensation and employee-related costs related to the 2022 Strategic Realignment. There were 488 and 564 employees as of December 31, 2023 and 2022, respectively. The remaining decrease was principally the result of a \$1.3 million decrease in advertising-related costs and trade show expenses, a \$0.8 million decrease in office-related expenses and a \$0.4 million decrease in software expenses to support the sales team.

### Research and Development Expense

(dollars in thousands)	Year Ended December 31,		Change	
	2023	2022	\$	%
Research and development	\$ 95,468	\$ 95,986	\$ (518)	(0.5)%
% of revenue	21%	22%		

Research and development expense decreased by \$0.5 million in 2023 compared to 2022. There was a \$2.3 million decrease in research and development expense during 2023 as \$17.7 million of internally-developed software costs were capitalized during 2023 as compared to \$15.4 million of internally-developed software costs capitalized during 2022. The decrease was also due to a \$0.2 million decrease in software-related costs. These decreases were offset by a \$1.8 million increase in employee-related costs, which include stock-based compensation and a \$0.2 million increase in office-related and other expenses to support research and development activities. After the 2022 Strategic Realignment is completed, we expect a reduction in operational costs. There were 528 and 542 employees as of December 31, 2023 and 2022, respectively.

### General and Administrative Expense

(dollars in thousands)	Year Ended December 31,		Change	
	2023	2022	\$	%
General and administrative	\$ 120,519	\$ 99,365	\$ 21,154	21.3%
% of revenue	27%	23%		

General and administrative expense increased by \$21.2 million in 2023 compared to 2022. The increase was primarily due to a \$25.7 million increase in professional services and office-related expenses primarily due to an Anvil legal dispute accrual (see Note 19 in the notes to our consolidated financial statements included in this Annual Report on Form 10-K) and a \$1.8 million increase in allowance for credit losses partially due to a recovery of a previously written off balance during 2022. These increases were partially offset by a \$3.4 million decrease in employee-related costs, which includes stock-based compensation and employee-related costs related to the 2022 Strategic Realignment and a \$2.9 million decrease in depreciation and amortization. There were 184 and 200 employees as of December 31, 2023 and 2022, respectively.

### Restructuring

(dollars in thousands)	Year Ended December 31,		Change	
	2023	2022	\$	%
Restructuring	\$ 3,621	\$ 12,169	\$ (8,548)	(70.2)%
% of revenue	1%	3%		

Restructuring expense decreased by \$8.5 million in 2023 compared to 2022. The decrease was primarily due to higher restructuring expenses recognized in the prior year related to the 2022 Strategic Realignment initiatives and includes decreases of \$4.3 million in employee-related expenses, \$4.1 million for facilities-related expenses and \$0.2 million for other expenses.

### Other Income, Net

(dollars in thousands)	Year Ended December 31,		Change	
	2023	2022	\$	%
Other income, net	\$ 17,802	\$ 20,611	\$ (2,809)	(13.6)%
% of revenue	4%	5%		

Other income, net decreased by \$2.8 million in 2023 compared to 2022. The gain on extinguishment of convertible notes of \$12.7 million recognized during 2023 was less than the \$19.2 million net gain on extinguishment of convertible notes, capped call modification and change in fair value recognized during 2022 resulting in a \$6.5 million decrease in other income, net. The remainder of the decrease was due to a \$0.7 million increase in other income, net partially due to a settlement of a receivable. These decreases were partially offset by a \$2.3 million decrease in interest expense, a \$1.4 million increase in interest income and a \$0.7 million gain recognized in connection with asset sales during 2023.

### Income Taxes

(dollars in thousands)	Year Ended December 31,		Change	
	2023	2022	\$	%
Benefit from (provision for) income taxes	\$ (3,708)	\$ 2,398	\$ (6,106)	(254.6)%
% of revenue	(1)%	1%		

Benefit from (provision for) income taxes changed to a provision for income taxes of \$3.7 million from a benefit from income taxes of \$2.4 million for 2023 as compared to 2022. During the year ended December 31, 2023, cash taxes were generated in US state and foreign jurisdictions where taxable income exceeded NOLs available to offset income. During the year ended December 31, 2022, a portion of the losses incurred in 2022 were realized in some jurisdictions during the year or recognized as a deferred tax asset as of December 31, 2022, which was greater than the state and foreign tax incurred by our profitable separate legal subsidiaries.

### Year Ended December 31, 2022 Compared to the Year Ended December 31, 2021

For a discussion regarding our financial condition and results of operations for the year ended December 31, 2022 as compared to the year ended December 31, 2021, please refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, filed with the SEC on February 24, 2023.

### Other Metrics

We regularly monitor a number of financial and operating metrics, including the following key metrics, to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans, and make strategic decisions. Our other business metrics may be calculated in a manner different than similar other business metrics used by other companies.

- **Adjusted EBITDA.** Adjusted EBITDA represents our net loss before interest and investment (income) expense, net, provision for (benefit from) income taxes, depreciation and amortization expense, stock-based compensation expense, costs related to the 2022 Strategic Realignment, Anvil legal dispute accrual, change in fair value of contingent consideration and (gain) loss on extinguishment of debt, capped call modification and change in fair value. We do not consider these items to be indicative of our core operating performance. The items that are non-cash include depreciation and amortization expense, stock-based compensation expense, change in fair value of contingent consideration and (gain) loss on extinguishment of debt, capped call modification and change in fair value. Adjusted EBITDA is a measure used by management to understand and evaluate our core operating performance and trends and to generate future operating plans, make strategic decisions regarding the allocation of capital and invest in initiatives that are focused on cultivating new markets for our solutions. In particular, the exclusion of certain expenses in calculating adjusted EBITDA facilitates comparisons of our operating performance on a period-to-period basis. Adjusted EBITDA is not a measure calculated in accordance with U.S. GAAP. We believe that adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and the

Board. Nevertheless, the use of adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under GAAP. Some of these limitations are: (1) although depreciation and amortization are non-cash charges, the capitalized software that is amortized will need to be replaced in the future, and adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements; (2) adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs; (3) adjusted EBITDA does not reflect the potentially dilutive impact of equity-based compensation; (4) adjusted EBITDA does not reflect tax payments or receipts that may represent a reduction or increase in cash available to us; and (5) other companies, including companies in our industry, may calculate adjusted EBITDA or similarly titled measures differently, which reduces the usefulness of the metric as a comparative measure. Because of these and other limitations, you should consider adjusted EBITDA alongside our other GAAP-based financial performance measures, net loss and our other GAAP financial results.

The following table presents a reconciliation of adjusted EBITDA to net loss, the most directly comparable GAAP measure, for each of the periods indicated. For comparability purposes, adjusted EBITDA results have been recast for the year ended December 31, 2022 to include costs related to the Anvil legal dispute and to conform to the current year presentation (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Net loss	\$ (47,305)	\$ (61,174)	\$ (94,796)
Interest and investment (income) expense, net	(4,324)	(591)	35,559
Provision for (benefit from) income taxes	3,708	(2,398)	(12,579)
Depreciation and amortization	58,815	60,600	53,168
Stock-based compensation	48,889	47,620	44,095
2022 Strategic Realignment	13,733	17,358	—
Anvil legal dispute accrual	24,000	1,000	—
Change in fair value of contingent consideration	—	(57)	(7,046)
Gain on extinguishment of debt, capped call modification and change in fair value	(12,658)	(19,243)	(7,181)
Adjusted EBITDA	<u>\$ 84,858</u>	<u>\$ 43,115</u>	<u>\$ 11,220</u>

- Free Cash Flow and Adjusted Free Cash Flow.** Free cash flow represents net cash provided by (used in) operating activities minus capital expenditures and capitalized software development costs. Adjusted free cash flow represents free cash flow as further adjusted for cash payments for the 2022 Strategic Realignment. Free cash flow and adjusted free cash flow are measures used by management to understand and evaluate our core operating performance and trends and to generate future operating plans. The exclusion of capital expenditures, amounts capitalized for internally-developed software and cash payments for the 2022 Strategic Realignment facilitates comparisons of our operating performance on a period-to-period basis and excludes items that we do not consider to be indicative of our core operating performance. Free cash flow and adjusted free cash flow are not measures calculated in accordance with GAAP. We believe that free cash flow and adjusted free cash flow provide useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and the Board. Nevertheless, our use of free cash flow and adjusted free cash flow have limitations as an analytical tool, and you should not consider them in isolation or as a substitute for analysis of our financial results as reported under GAAP. You should consider free cash flow and adjusted free cash flow alongside our other GAAP-based financial performance measures, net cash provided by (used in) operating activities, and our other GAAP financial results. The following table presents a reconciliation of free cash flow and adjusted free cash flow to net cash provided by

(used in) operating activities, the most directly comparable GAAP measure, for each of the periods indicated (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Net cash provided by operating activities	\$ 72,575	\$ 20,167	\$ 22,193
Capital expenditures	(5,217)	(3,462)	(5,055)
Capitalized software development costs	(16,540)	(15,065)	(14,697)
Free cash flow	50,818	1,640	2,441
Cash payments for 2022 Strategic Realignment	12,940	12,266	—
Adjusted free cash flow	\$ 63,758	\$ 13,906	\$ 2,441

- Additional Supplemental Non-GAAP Financial Measures.** To supplement our consolidated financial statements, which are prepared and presented in accordance with GAAP, we provide investors with certain additional supplemental non-GAAP financial measures, including non-GAAP gross profit, non-GAAP gross margin and non-GAAP net income (loss), which we collectively refer to as non-GAAP financial measures. These non-GAAP financial measures exclude all or a combination of the following (as reflected in the following reconciliation tables): amortization of acquired intangibles, stock-based compensation expense, costs related to the 2022 Strategic Realignment, Anvil legal dispute accrual, change in fair value of contingent consideration, accretion of interest on convertible senior notes, gain on extinguishment of convertible notes, capped call modification and change in fair value and the tax impact of such adjustments. The tax impact of such adjustments was determined by recalculating current and deferred taxes utilizing non-GAAP pre-tax income for the year and analyzing changes in valuation allowance post purchase accounting. The presentation of the non-GAAP financial measures is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. We use these non-GAAP financial measures for financial and operational decision-making purposes and as a means to evaluate period-to-period comparisons. We believe that these non-GAAP financial measures provide useful information about our operating results, enhance the overall understanding of past financial performance and future prospects and allow for greater transparency with respect to metrics used by our management in its financial and operational decision making. While our non-GAAP financial measures are an important tool for financial and operational decision making and for evaluating our own operating results over different periods of time, you should consider our non-GAAP financial measures alongside our GAAP financial results.

We believe that excluding the impact of amortization of acquired intangibles allows for more meaningful comparisons between operating results from period to period as the intangibles are valued at the time of acquisition and are amortized over a period of several years after the acquisition. We exclude stock-based compensation expense which can vary based on plan design, share price, share price volatility, and the expected lives of equity instruments granted. We believe that providing non-GAAP financial measures that exclude stock-based compensation expense allow for more meaningful comparisons between our operating results from period to period because stock-based compensation expense does not represent a cash expenditure. We believe that excluding costs related to the 2022 Strategic Realignment allows for more meaningful comparisons between operating results from period to period as this is a discrete event based on a unique set of business objectives and is incremental to the core activities that arise in the ordinary course of our business. We believe that excluding the Anvil legal dispute accrual, which reflects an estimated potential liability in connection with a lawsuit filed in April 2022 by certain former shareholders of The Anvil Group (International) Limited, Anvil Worldwide Limited and The Anvil Group Limited (collectively, “Anvil”) (see Note 19 in the notes to our consolidated financial statements included in this Annual Report on Form 10-K), allows for more meaningful comparisons between operating results from period to period as the litigation expense being excluded is not considered a normal, recurring expense, does not have a direct correlation to the operations of our business and is outside of the ordinary course of business due to the lack of frequency of similar cases that have been brought against us to date, the complexity of the case and the nature of the remedies sought. We believe that excluding the change in fair value of contingent consideration allows for more meaningful comparisons between operating results from period to period as it is non-operating in nature. We believe that excluding the impact of accretion of interest on convertible senior

notes allows for more meaningful comparisons between operating results from period to period as accretion of interest on convertible senior notes relates to interest cost for the time value of money and are non-operating in nature. We believe that excluding gain on extinguishment of convertible notes, capped call modification and change in fair value allows for more meaningful comparisons between operating results from period to period as gains and losses on the extinguishment of convertible notes, capped call modifications and change in fair value are non-operating in nature. We do not engage in the repurchase of convertible notes on a regular basis or in the ordinary course of business. Accordingly, we believe that excluding these expenses provides investors and management with greater visibility of the underlying performance of our business operations, facilitates comparison of our results with other periods and may also facilitate comparison with the results of other companies in our industry.

There are limitations in using non-GAAP financial measures because the non-GAAP financial measures are not prepared in accordance with GAAP, may be different from non-GAAP financial measures used by other companies and exclude expenses that may have a material impact upon our reported financial results. Further, stock-based compensation expense has been and will continue to be for the foreseeable future a significant recurring expense in our business and an important part of the compensation provided to our employees.

The following table reconciles our GAAP gross profit to non-GAAP gross profit (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Gross profit	\$ 317,301	\$ 296,958	\$ 254,217
Amortization of acquired intangibles	8,445	11,657	12,109
Stock-based compensation	6,171	5,468	3,678
2022 Strategic Realignment	814	953	—
Non-GAAP gross profit	\$ 332,731	\$ 315,036	\$ 270,004

The following table reconciles our GAAP gross margin to non-GAAP gross margin<sup>(1)</sup>:

	Year Ended December 31,		
	2023	2022	2021
Gross margin	70.7 %	68.8 %	69.0 %
Amortization of acquired intangibles margin	1.9 %	2.7 %	3.3 %
Stock-based compensation margin	1.4 %	1.3 %	1.0 %
2022 Strategic Realignment margin	0.2 %	0.2 %	0.0 %
Non-GAAP gross margin	74.1 %	72.9 %	73.3 %

<sup>(1)</sup> Columns may not add up to 100% due to rounding.

The following table reconciles our GAAP net loss to non-GAAP net income. For comparability purposes, non-GAAP net income has been recast for the year ended December 31, 2022 to include costs related to the Anvil legal dispute to conform to the current year presentation (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Net loss	\$ (47,305)	\$ (61,174)	\$ (94,796)
Amortization of acquired intangibles	36,840	42,982	40,459
Stock-based compensation	48,889	47,620	44,095
2022 Strategic Realignment	13,733	17,358	—
Anvil legal dispute accrual	24,000	1,000	—
Change in fair value of contingent consideration	—	(57)	(7,046)
Accretion of interest on convertible senior notes	2,640	4,561	35,271
Gain on extinguishment of debt, capped call modification and change in fair value	(12,658)	(19,243)	(7,181)
Income tax adjustments	(1,427)	(1,151)	(1,278)
Non-GAAP net income	\$ 64,712	\$ 31,896	\$ 9,524

## **Liquidity and Capital Resources**

To date, we have financed our operations primarily through cash from sales to our customers, along with equity issuances and debt financing arrangements. Our principal source of liquidity is cash and cash equivalents totaling \$122.4 million as of December 31, 2023. We have generated significant losses since inception and expect to continue to generate losses for the foreseeable future.

In March 2023, Silicon Valley Bank and Signature Bank were closed and taken over by the Federal Deposit Insurance Corporation, which raised concern regarding the stability of other banks in the United States and in particular with respect to regional banks. While we have not been materially impacted by such events to date, if our primary banking partners or the banking partners of our customers were to experience a similar crisis, it may cause a material impact on our liquidity, including the ability to access our cash and cash equivalents, or the liquidity of our customers such as delays in, or failure to, make payments, or reduce their demand for our products.

We believe that our cash and cash equivalent balances and the cash flows generated by our operations will be sufficient to satisfy our anticipated cash needs for working capital and capital expenditures for at least the next 12 months. We believe we will meet longer-term expected future cash requirements and obligations. However, our belief may prove to be incorrect, and we could utilize our available financial resources sooner than we currently expect. Our future capital requirements and the adequacy of available funds will depend on many factors, including those set forth in the section of this Annual Report on Form 10-K titled "Risk Factors." We cannot assure you that we will be able to raise additional capital on acceptable terms or at all. In addition, if we fail to meet our operating plan during the next 12 months, our liquidity could be adversely affected.

Under the terms of the Merger Agreement with Project Emerson Parent, LLC and Project Emerson Merger Sub, Inc., we have agreed to various covenants and agreements, including, among others, agreements to conduct our business in the ordinary course during the period between the execution of the Merger Agreement and the closing. Outside of certain limited exceptions, we may not take, commit or agree to do certain actions without Project Emerson Parent, LLC's consent, including, but not limited to, entering into material transactions other than in the ordinary course of business, disposing of material assets, making capital expenditures in excess of the amounts specified in the Merger Agreement, issuing additional capital stock or other equity securities, or incurring additional indebtedness. We do not believe these restrictions will prevent us from meeting our ongoing operating expenses, working capital needs or capital expenditure requirements.

### *Material Cash Requirements and Contractual Obligations*

We expect to use cash primarily for operating activities, such as our sales and marketing operations, research and development activities and other working capital needs, such as salaries, bonuses, and other personnel cost and data center hosting costs, as well as payments for acquisitions of businesses, interest payments on our convertible senior notes and payments related to the 2022 Strategic Realignment. We expect to continue to finance our operations primarily through cash from sales to our customers and may consider future equity issuances and debt financing arrangements. As of December 31, 2023, our commitments to settle contractual obligations include \$363.7 million principal amount of indebtedness under the 2026 Notes and 2024 Notes (see Note 9 of the notes to consolidated financial statements) and lease obligations of \$25.9 million (see Note 18 of the notes to consolidated financial statements).

### **Cash Flows**

The following table summarizes our cash flows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Cash, cash equivalents and restricted cash at beginning of period	\$ 201,594	\$ 492,758	\$ 475,630
Net cash provided by operating activities	72,575	20,167	22,193
Net cash used in investing activities	(17,301)	(18,893)	(281,836)
Net cash provided by (used in) financing activities	(131,898)	(290,520)	276,344
Effects of exchange rates on cash, cash equivalents and restricted cash	401	(1,918)	427
Cash, cash equivalents and restricted cash at end of period	\$ 125,371	\$ 201,594	\$ 492,758

At December 31, 2023, \$19.1 million of the \$125.4 million of cash, cash equivalents and restricted cash was held by foreign subsidiaries. Our intention is to indefinitely reinvest foreign earnings in our foreign subsidiaries. If these earnings were used to fund domestic operations, they would be subject to additional income taxes upon repatriation.

### **Sources of Funds**

#### **Convertible Senior Notes**

In March 2021, we issued \$375.0 million aggregate principal amount of the 2026 Notes, including \$50.0 million aggregate principal amount of notes issued upon exercise in full by the initial purchasers of their option to purchase additional 2026 Notes. The 2026 Notes will mature on March 15, 2026, unless earlier redeemed or repurchased by the Company or converted by the holders pursuant to their terms.

The 2026 Notes have an initial conversion rate of 5.5341 shares of common stock per \$1,000 principal amount of 2026 Notes. This represents an initial effective conversion price of approximately \$180.70 per share of common stock and approximately 2.1 million shares issuable upon conversion. Throughout the term of the 2026 Notes, the conversion rate may be adjusted upon the occurrence of certain events. Holders of the 2026 Notes will not receive any cash payment representing accrued and unpaid special interest, if any, upon conversion of a 2026 Note, except in limited circumstances. Accrued but unpaid special interest, if any, will be deemed to be paid by cash, shares of our common stock or a combination of cash and shares of our common stock paid or delivered, as the case may be, to the holder upon conversion of a 2026 Note.

In connection with the issuance of the 2026 Notes, we purchased capped call options that in the aggregate relate to the total number of shares of our common stock underlying the 2026 Notes, with an initial strike price of approximately \$180.70 per share, which corresponds to the initial conversion price of the 2026 Notes and is subject to anti-dilution adjustments substantially similar to those applicable to the conversion rate of the 2026 Notes, and with a cap price of approximately \$258.14. The cost of the purchased capped calls was \$35.1 million.

During fiscal year 2023, we paid approximately \$64.9 million in cash to repurchase approximately \$74.7 million principal amount of our 2026 Notes.

In December 2019, we issued \$450.0 million aggregate principal amount of the 2024 Notes, including \$75.0 million aggregate principal amount of notes issued upon exercise in full by the initial purchasers of their option to purchase additional 2024 Notes. The 2024 Notes will mature on December 15, 2024, unless earlier redeemed or repurchased by the Company or converted by the holders pursuant to their terms.

The 2024 Notes have an initial conversion rate of 8.8999 shares of common stock per \$1,000 principal amount of 2024 Notes. This represents an initial effective conversion price of approximately \$112.36 per share of common stock and approximately 4.0 million shares issuable upon conversion. Throughout the term of the 2024 Notes, the conversion rate may be adjusted upon the occurrence of certain events. Holders of the 2024 Notes will not receive any cash payment representing accrued and unpaid interest, if any, upon conversion of a 2024 Note, except in limited circumstances. Accrued but unpaid interest will be deemed to be paid by cash, shares of our common stock or a combination of cash and shares of our common stock paid or delivered, as the case may be, to the holder upon conversion of a 2024 Note.

In connection with the issuance of the 2024 Notes, we purchased capped call options that in the aggregate relate to the total number of shares of our common stock underlying the 2024 Notes, with an initial strike price of approximately \$112.36 per share, which corresponds to the initial conversion price of the 2024 Notes and is subject to anti-dilution adjustments substantially similar to those applicable to the conversion rate of the 2024 Notes, and with a cap price of approximately \$166.46. The cost of the purchased capped calls was \$44.9 million.

During fiscal year 2023, we paid approximately \$65.7 million in cash to repurchase approximately \$70.1 million principal amount of our 2024 Notes. During fiscal year 2023, we also partially terminated capped call options entered into in connection with the 2024 Notes and received approximately \$33 thousand.

During fiscal year 2022, we paid approximately \$288.8 million in cash to repurchase approximately \$316.4 million principal amount of the 2024 Notes.

### ***Uses of Funds***

Our historical uses of cash have primarily consisted of cash used for operating activities, such as expansion of our sales and marketing operations, research and development activities and other working capital needs as well as repurchases of convertible notes and payments related to the 2022 Strategic Realignment.

### ***Operating Activities***

Our net loss and cash flows provided by or used in operating activities are significantly influenced by our investments in headcount and infrastructure to support our growth, marketing and sponsorship expenses, and our ability to bill and collect in a timely manner. Our net loss has been significantly greater than our use of cash for operating activities due to the inclusion of non-cash expenses and charges.

Operating activities generated \$72.6 million in net cash in 2023 which included \$116.6 million in non-cash operating expenses and a \$3.2 million increase in changes in operating assets and liabilities, partially offset by our net loss of \$47.3 million. Specifically, we recognized non-cash charges aggregating to \$58.8 million for depreciation and amortization of intangible assets, capitalized software development costs and property and equipment, \$48.9 million for stock-based compensation, \$19.6 million for amortization of deferred commissions, \$2.6 million related to the accretion of interest on our convertible senior notes and \$2.0 million for provision for credit losses, offset by \$12.7 million gain on extinguishment of convertible notes, \$1.9 million for deferred income taxes and \$0.7 million for gain on disposal of assets. The net change in operating assets and liabilities of \$3.2 million reflected a \$21.7 million increase in accrued expenses, a \$6.9 million increase in deferred revenue, a \$4.2 million increase in accounts payable, a \$1.6 million increase in accrued payroll and employee related liabilities, a \$1.0 million decrease in prepaid expenses and a \$0.9 million decrease in other assets. These amounts were offset by a \$28.6 million increase in deferred cost, a \$3.5 million decrease in other liabilities and a \$1.1 million increase in accounts receivable.

Operating activities generated \$20.2 million in net cash in 2022 which included \$107.7 million in non-cash operating expenses partially offset by our net loss of \$61.2 million and by a \$26.3 million decrease in changes in operating assets and liabilities. Specifically, we recognized non-cash charges aggregating to \$60.6 million for depreciation and amortization of intangible assets, capitalized software development costs and property and equipment, \$47.6 million for stock-based compensation, \$18.3 million for amortization of deferred commissions, \$4.6 million related to the accretion of interest on our convertible senior notes, \$0.7 million for loss on disposal of assets and \$0.4 million for provision for credit losses, offset by \$19.2 million gain on extinguishment of debt and capped call modification, \$5.2 million for deferred income taxes and \$0.1 million in other non-cash charges. The net change in operating assets and liabilities of \$26.3 million reflected \$23.1 million increase in deferred cost, a \$4.9 million decrease in accounts payable, a \$4.1 million decrease in accrued payroll and employee related liabilities, a \$3.5 million increase in other assets, a \$0.8 million increase in accounts receivable and a \$0.2 million decrease in other liabilities. These amounts were offset by an \$8.7 million increase in deferred revenue, a \$1.0 million increase in accrued expenses and a \$0.6 million decrease in prepaid expenses.

#### *Investing Activities*

Our investing activities consist primarily of capital expenditures for capitalized software development costs, business acquisitions, property and equipment expenses, purchase and sales of short-term investments and the sale of assets.

Investing activities used \$17.3 million cash in 2023, which consisted of a \$16.5 million investment in software development and \$5.2 million in purchases of property and equipment offset by \$4.4 million cash received from the sale of assets and \$0.1 million attributed to a landlord reimbursement.

Investing activities used \$18.9 million cash in 2022, which consisted of a \$15.1 million investment in software development, \$3.5 million in purchases of property and equipment and \$1.6 million to settle certain Anvil acquisition purchase liabilities, offset by \$1.2 million attributed to a landlord reimbursement.

#### *Financing Activities*

Cash generated by financing activities includes proceeds from borrowings under our convertible senior notes, proceeds from the partial termination of convertible note capped call hedges, proceeds from the exercise of employee stock options and contributions to our employee stock purchase plan. Cash used in financing activities includes payments for debt and offering issuance costs, purchases of convertible notes capped call hedges, extinguishment of debt, payment of contingent consideration and employee withholding liabilities from the issuance of shares related to restricted stock units and performance-based restricted stock units.

We may from time to time seek to retire or purchase additional outstanding debt through cash repurchases and/or exchanges for equity securities, in open market purchases, in privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved in any such transactions, individually or in the aggregate, may be material. Further, any such repurchases or exchanges may result in us acquiring and retiring a substantial amount of such indebtedness, which could impact the trading liquidity of such indebtedness.

Financing activities used \$131.9 million of cash in 2023, which reflects \$129.6 million in payments for the extinguishment of the 2026 Notes and 2024 Notes and \$7.9 million payment for employee withholding taxes related to the issuance of restricted stock units and performance-based restricted stock units partially offset by \$4.3 million from the issuance of stock under our employee stock purchase plan and \$1.3 million from the exercise of stock options.

Financing activities used \$290.5 million of cash in 2022, which reflects \$288.8 million in payments for the extinguishment of the 2024 Notes, a \$6.3 million payment for employee withholding taxes related to the issuance of restricted stock units and performance-based restricted stock units offset by \$3.2 million from the issuance of stock under our employee stock purchase plan, \$1.3 million in cash received for the partial termination of the 2022 Notes capped call options and \$0.1 million in other financing activities.

## **Backlog**

We generally sell our critical communications applications on a subscription basis. We generally enter into contracts that range from one to three years in length, with an average contract duration of 1.7 years as of December 31, 2023, and generally bill and collect payment annually in advance. Since we bill many of our customers at the beginning of each contract year, there can be amounts that we have not yet been contractually able to invoice. Until such time as these amounts are invoiced, they are not recorded in revenue, deferred revenue or elsewhere in our consolidated financial statements. We expect that the amount of backlog relative to the total value of our subscription agreements will change from year to year for several reasons, including the specific timing and duration of customer agreements, varying invoicing cycles of agreements, the specific timing of customer renewals and changes in customer financial circumstances. In addition, because revenue for any period is a function of revenue recognized from deferred revenue under contracts in existence at the beginning of the period, as well as contracts that are renewed and new customer contracts that are entered into during the period, backlog at the beginning of any period is not necessarily indicative of future performance. Our presentation of backlog may also differ from that of other companies in our industry. Due to these factors, as well as variances in billing arrangements with customers, we do not utilize backlog as a key management metric internally.

## **Critical Accounting Estimates**

Our consolidated financial statements are prepared in accordance with U.S. GAAP. The preparation of our consolidated financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenue, costs and expenses, and related disclosures. We base our estimates and assumptions on historical experience and other factors that we believe to be reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates. Our critical accounting estimates that we believe to have the greatest potential impact on our consolidated financial statements are summarized below.

### ***Revenue Recognition***

We derive our revenues primarily from subscription services and professional services. We recognize revenue in accordance with FASB ASC 606, *Revenue from Contracts with Customers*. We determine revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, we satisfy a performance obligation.

### ***Subscription Services Revenues***

Subscription services revenues primarily consist of fees that provide customers access to one or more of our hosted applications for critical event management, with routine customer support. Revenue is generally recognized over time on a ratable basis over the contract term beginning on the date that our service is made available to the customer. All services are recognized using an output measure of progress looking at time elapsed as the contract generally provides the customer equal benefit throughout the contract period. Our subscription contracts are generally two years or longer in length, billed annually in advance, and non-cancelable.

### ***Professional Services Revenues***

Professional services revenues primarily consist of fees for deployment and optimization services, as well as training. The majority of our consulting contracts revenue is recognized over time as the services are performed. For contracts billed on a fixed price basis, revenue is recognized over time based on the proportion of services performed to date compared to total services expected to be performed.

### *Software License Revenues*

We also sell software and related post contract support for on premises usage as well as professional services, hardware and hosting. Our on premises license transactions are generally perpetual in nature and are recognized at a point in time when made available to the customer for use. Significant judgment is required to determine the standalone selling prices for each distinct performance obligation in order to allocate the transaction price for purposes of revenue recognition. Making this judgment of estimating a standalone selling price involves consideration of overall pricing objectives, market conditions and other factors, including the value of our other similar contracts, the applications sold, customer demographics, geographic locations, and the number and types of users within our contracts. The significant judgment was primarily due to using such considerations to estimate the price that each distinct performance obligation would be sold for on a standalone basis because such performance obligations are typically sold together on a bundled basis. Changes in these estimates of standalone selling prices can have a material effect on the amount of revenue recognized from each distinct performance obligation.

### *Contracts with Multiple Performance Obligations*

Most of our contracts with customers contain multiple performance obligations. For these contracts, we account for individual performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations on a relative standalone selling price basis for those performance obligations with stable observable prices and then the residual method applied for any performance obligation that has pricing which is highly variable. We determine the standalone selling prices based on our overall pricing objectives, taking into consideration market conditions and other factors, including the value of our contracts, pricing when certain services are sold on a standalone basis, the applications sold, customer demographics, geographic locations, and the volume of services and users purchased.

### *Allowance for Credit Losses*

Allowance for credit risk for accounts receivables and contract assets is established based on various factors including credit profiles of our customers, historical payments and current economic trends. We review the allowance for accounts receivables and contract assets by assessing individual accounts receivable or unbilled contract assets over a specific aging and amount. All other balances are pooled based on historical collection experience. The estimate of expected credit losses is based on information about past events, current economic conditions, and forecasts of future economic conditions that affect the collectability. Accounts receivable and contract assets are written-off on a case by case basis, net of any amounts that may be collected. If our estimate of uncollectible accounts is too low, credit loss expense may increase in future periods, and if it is too high, credit loss expense may decrease in future periods.

### *Deferred Costs*

Sales commissions earned by our sales force are considered incremental and recoverable costs of obtaining a contract with a customer. Subscription-related commissions costs are deferred and then amortized on a straight-line basis over a period of benefit that we have determined to be four years. Sales commissions attributable to professional services are expensed within twelve months of selling the service to the customer. We determined the period of benefit by taking into consideration our customer contracts, our technology and other factors. Sales commissions attributed to renewals are not material and are not commensurate with initial and growth sales. Amortization of deferred commissions is included in sales and marketing expenses in the accompanying consolidated statements of operations.

### *Stock-Based Compensation*

We recognize compensation expense for restricted stock units ("RSUs") based on the fair value of the award and on a straight-line basis over the vesting period based on the estimated portion of the RSU that is expected to vest. Our board of directors determines the fair value of RSUs based on the closing price of our common stock as reported on the Nasdaq Global Market on the date of grant.

We grant performance-based RSUs (“PSUs”) that vest upon satisfaction of certain performance-based conditions. The PSUs generally vest based on us achieving certain revenue growth thresholds. The vesting of the PSUs is subject to the employee’s continued employment with us through the date of achievement. The fair value is based on the value of our common stock at the date of issuance and the probability of achieving the performance metric. Compensation cost is recognized under the accelerated method and is adjusted in future periods for subsequent changes in the expected outcome of the performance related conditions.

For the portion of the PSUs that were modified in 2022, we determined on the modification date whether the awards would vest under both the original vesting conditions and the new vesting conditions. For PSUs where expectation of the achievement of performance conditions were probable both prior to and post-modification, total compensation cost was unchanged. For PSUs where expectation of the achievement of performance conditions changed from improbable prior to the modification to probable post-modification, the fair value of such modifications was based on the value of our common stock at the date of modification. For PSUs where expectation of the achievement of performance conditions were improbable both prior to and post-modification, no compensation expense was recognized.

We recognize compensation expense for our market-based grants based on the fair value of the award which is remeasured at each reporting period until settlement. Inherent in the valuation and recording of stock-based compensation for market-based grants are several estimates that we made in regard to valuation and expense that will be incurred. We use the Monte-Carlo simulation model to measure the fair value of market-based grants. Expected volatility is based on a combination of historical stock price volatility and implied volatility of our common stock. The risk-free interest rate is based on the rate on U.S. Treasury securities with maturities consistent with the expected term. We have not paid dividends and do not anticipate paying a cash dividend in the foreseeable future and, accordingly, use an expected dividend yield of zero.

We recognize compensation expense for our employee stock purchase plan (“ESPP”) based on the fair value of the award and on a straight-line basis over the term based on the estimated portion of the ESPP that is expected to vest. Inherent in the valuation and recording of stock-based compensation for ESPP, are several estimates that we made in regard to valuation and expense that will be incurred. We use the Black-Scholes option pricing model to measure the fair value of ESPP. Expected volatility is based on a combination of historical stock price volatility and implied volatility of our common stock. The risk-free interest rate is based on the rate on U.S. Treasury securities with maturities consistent with the expected term. We have not paid dividends and do not anticipate paying a cash dividend in the foreseeable future and, accordingly, use an expected dividend yield of zero.

### ***Business Combinations***

The results of businesses acquired in a business combination are included in our consolidated financial statements from the date of the acquisition. Purchase accounting results in assets and liabilities of an acquired business being recorded at their estimated fair values on the acquisition date. Any excess consideration over the fair value of assets acquired and liabilities assumed is recognized as goodwill.

We perform valuations of assets acquired and liabilities assumed on each acquisition accounted for as a business combination in order to record the tangible and intangible assets acquired and liabilities assumed based on our best estimate of fair value. Determining the fair value of assets acquired and liabilities assumed requires management to use significant judgment and estimates including the selection of valuation methodologies, estimates of future revenue and cash flows, discount rates and selection of comparable companies. Significant estimation is required in determining the fair value of the customer relationship intangible assets, deferred revenue and contingent consideration liabilities. The significant estimation is primarily due to the judgmental nature of the inputs to the valuation models used to measure the fair value of these intangible assets, deferred revenue and contingent consideration liabilities, as well as the sensitivity of the respective fair values to the underlying significant assumptions. We use the income approach to measure the fair value of these intangible assets, a discounted cash flow approach for deferred revenue and a Monte Carlo simulation model to measure the fair value of the contingent consideration liabilities. The significant assumptions used to estimate the fair value of the intangible assets, deferred revenue and contingent consideration liabilities included forecasted revenues from existing customers, existing customer attrition rates, estimated costs required to fulfill the deferred revenue obligation and forecasted revenues for the contingent consideration earnout period. When estimating the significant assumptions to be used in the

valuation we include a consideration of current industry information, market and economic trends, historical results of the acquired business, nature of the performance obligations associated with the deferred revenue and other relevant factors. These significant assumptions are forward-looking and could be affected by future economic and market conditions. We engage the assistance of valuation specialists in concluding on fair value measurements in connection with determining fair values of assets acquired and liabilities assumed in a business combination.

The valuation of the contingent consideration is derived using estimates of the probability of achievement within specified time periods based on projections of future revenue metrics per the terms of the applicable agreements. These include estimates of our assessment of the probability of meeting such results, with the probability-weighted earn-out using a Monte Carlo Simulation Model then discounted to estimate fair value. Fair value is estimated using the probability weighted cash flow estimate closer to the measurement date. The various operating performance measures included in these contingent consideration agreements primarily relate to product revenue.

Transaction costs associated with business combinations are expensed as incurred and are included in general and administrative expense in our consolidated statements of operations and comprehensive loss.

### ***Goodwill Impairment***

Goodwill represents the excess of the aggregate purchase price paid over the fair value of the net assets acquired in our business combinations. Goodwill is not amortized and is tested for impairment at least annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. We performed our annual impairment assessment on November 30, 2023. We operate under one reporting unit and as a result, evaluate goodwill impairment based on our fair value as a whole.

To determine the number of operating segments and reporting units that are present, we analyzed whether there is any customer, product or geographic information that drives the chief operating decision maker's (our chief executive officer) decisions on how to allocate resources and whether any segment management exists. Management has concluded that operating decisions are made at the consolidated company level and there is no segment management in place that reviews results of operations with the chief operating decision maker.

In assessing goodwill for impairment, an entity has the option to assess qualitative factors to determine whether events or circumstances indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, it is more likely than not that the fair value of the reporting unit is greater than its carrying value, then performing the two-step impairment test is unnecessary. An entity can choose not to perform a qualitative assessment for any of its reporting units and proceed directly to the use of the two-step impairment test.

When assessing goodwill for impairment for the year ended December 31, 2023, we first performed a qualitative assessment to determine whether it was necessary to perform the two-step quantitative analysis. Based on the qualitative assessment including our share price decrease as well as positive factors related to macroeconomic conditions, industry and market considerations, cost factors, financial performance and market capitalization, we determined it was unlikely that our reporting unit fair value was less than its carrying value and the two-step impairment test was not required. Based on the results of our most recent annual qualitative assessment performed on November 30, 2023, there was no impairment of goodwill recorded.

### ***Capitalized Software Development Costs***

We capitalize certain costs related to the development of our platform and other software applications for internal use. In accordance with authoritative guidance, we begin to capitalize our costs to develop software when preliminary development efforts are successfully completed, management has authorized and committed project funding, and it is probable that the project will be completed and the software will be used as intended. We stop capitalizing these costs when the software is substantially complete and ready for its intended use, including the completion of all significant testing. These costs are amortized on a straight-line basis over the estimated useful life of the related asset, generally estimated to be three years. We also capitalize costs related to specific upgrades and enhancements when it is probable the expenditure will result in additional functionality and expense costs incurred for maintenance and minor upgrades and enhancements. Costs incurred prior to meeting these criteria together with costs incurred for training and maintenance are expensed as incurred and recorded within product development expenses in our consolidated statements of operations. We exercise judgment in determining the point at which various projects may be capitalized, in assessing the ongoing value of the capitalized costs and in determining the estimated useful lives over which the costs are amortized. To the extent that we change the manner in which we develop and test new features and functionalities related to our platform, assess the ongoing value of capitalized assets or determine the estimated useful lives over which the costs are amortized, the amount of internal-use software development costs we capitalize and amortize could change in future periods.

### ***Convertible Senior Notes***

Significant judgment is required in determining the balance sheet classification of the convertible senior notes. We analyze our intention to settle all of the debt at maturity or to settle in shares if converted by the debt holder prior to maturity in order to classify the debt as long-term on the balance sheet.

Capped call options which were settled in cash were accounted for as derivative instruments. Significant judgment was required in determining the value of derivative asset. We determined the fair value of the derivative asset based on the value of our common stock.

### **Recent Accounting Pronouncements**

For information regarding recent accounting pronouncements, refer to Note 2 of our consolidated financial statements included in this Annual Report on Form 10-K.

### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk.**

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 the result of fluctuations in interest rates and foreign exchange rates as well as, to a lesser extent, inflation.

#### ***Interest Rate Risk***

Our investment portfolio is exposed to market risk from changes in interest rates. The fair market value of fixed rate securities may be adversely impacted by fluctuations in interest rates while income earned on floating rate securities may decline as a result of decreases in interest rates. Under our current policies, we do not use interest rate derivative instruments to manage exposure to interest rate changes. We attempt to ensure the safety and preservation of our invested principal funds by limiting default risk, market risk and reinvestment risk. We mitigate default risk by investing in investment grade securities. We have historically maintained a relatively short average maturity for our investment portfolio, and we believe a hypothetical 100 basis point adverse move in interest rates along the entire interest rate yield curve would not change the fair value of our interest sensitive financial instruments by a material amount. In addition, if a 100-basis point change in overall interest rates were to occur in 2023, our interest income would not change significantly in relation to amounts we would expect to earn, based on our cash, cash equivalents, and investments as of December 31, 2023.

Changes in interest rates may also impact gains or losses from the conversion of our outstanding convertible senior notes. In March 2021, we issued \$375 million in aggregate principal amount of our 2026 Notes of which \$300.3 million remain outstanding as of December 31, 2023. During the year ended December 31, 2023, we paid approximately \$64.9 million in cash to repurchase approximately \$74.7 million principal amount of the 2026 Notes. In December 2019, we issued \$450 million in aggregate principal amount of our 2024 Notes of which \$63.5 million remain outstanding as of December 31, 2023. During the year ended December 31, 2023, we paid approximately \$65.7 million in cash to repurchase approximately \$70.1 million principal amount of the 2024 Notes. During the year ended December 31, 2022, we paid approximately \$288.8 million in cash to repurchase approximately \$316.4 million principal amount of the 2024 Notes. In November 2017, we issued \$115 million in aggregate principal amount of our 2022 Notes, which matured in November 2022. The 2026 Notes and 2024 Notes are convertible under certain circumstances, including upon certain trading price conditions related to our common stock, and upon conversion, we will pay or deliver, as the case may be, cash, shares of our common stock, or a combination of cash and shares of our common stock, at our election. The 2026 Notes and 2024 Notes were not convertible during the year ended December 31, 2023.

We are exposed to interest rate risk in the ordinary course of our business. Our cash, cash equivalents and investments include cash in readily available checking and money market accounts and marketable securities. These securities are not dependent on interest rate fluctuations that may cause the principal amount of these assets to fluctuate.

We had cash and cash equivalents of \$122.4 million as of December 31, 2023, which consisted of bank deposits and money market funds. To date, fluctuations in interest income have not been significant.

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.

#### ***Foreign Currency Exchange Risk***

We have foreign currency risks related to our revenue and operating expenses denominated in currencies other than our functional currency, the U.S. dollar, principally British Pounds, Euro, Norwegian Krone, Swedish Kronor and other foreign currencies. Movements in foreign currencies in which we transact business could significantly affect future net earnings. For example, the strengthening of the U.S. dollar has a negative impact on our reported international net revenue but a positive impact on our reported international operating expenses. We do not currently engage in any hedging activity to reduce our potential exposure to currency fluctuations, although we may choose to do so in the future. A hypothetical 10% change in foreign exchange rates during any of the periods presented would not have had a material impact on our consolidated financial statements. As our international operations grow, we will continue to reassess our approach to manage our risk relating to fluctuations in foreign currency rate.

#### ***Inflation Risk***

We do not believe that inflation has had a material effect on our business, financial condition or results of operations historically. 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, financial condition and results of operations.

### **Item 8. Financial Statements and Supplementary Data.**

#### **Financial Statements**

The financial statements required to be filed pursuant to this Item 8 are appended to this report. An index of those financial statements is found in Item 15.

### **Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.**

None.

## **Item 9A. Controls and Procedures.**

### **Evaluation of Disclosure Controls and Procedures**

We maintain “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act,”) that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K. Based on such evaluation, our principal executive officer and principal financial officer have concluded that as of such date, our disclosure controls and procedures were not effective as of December 31, 2023 due to the material weakness in our internal control over financial reporting described below.

### **Management’s Annual Report on Internal Control Over Financial Reporting**

We are responsible for establishing and maintaining internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act).

Our management, including our principal executive officer and principal 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, within our global organization 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.

Our management, under the supervision and with the participation of our principal executive officer and principal financial officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2023. In making this assessment, our management used the Internal Control – Integrated Framework (2013) as issued by the Committee of Sponsoring Organizations (“COSO”) of the Treadway Commission. Based on this assessment, management concluded that our internal control over financial reporting was not effective as of December 31, 2023 because of the material weakness described below.

#### *Material Weakness in Internal Control Over Financial Reporting*

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the registrant’s annual or interim financial statements will not be prevented or detected on a timely basis.

Management has identified a material weakness related to ineffective information technology general controls (“ITGC”)s over user access and change management for the primary system supporting our financial statement close process. Specifically, we did not maintain (1) user access controls to ensure access to the primary system supporting our financial reporting processes is authorized and entitlements are recertified on a periodic basis to validate that only authorized individuals have access to such information and (2) program change management controls to ensure that Information Technology (“IT”) programs and data changes affecting our primary system supporting our financial reporting processes and underlying accounting records are identified, tested, authorized and implemented appropriately. As a result of these deficiencies, the related process-level IT dependent manual and automated application controls that are dependent on the affected ITGCs were deemed ineffective because they could have been adversely impacted to the extent that they rely upon information and configurations from the affected IT system. We believe the control deficiencies were a result of IT control processes lacking sufficient documentation and insufficient training on the importance of ITGCs and risk-assessment processes, such that we had an inadequate ability to identify and assess changes in IT environments that could impact internal control over financial reporting.

The Company’s independent registered public accounting firm, Ernst & Young LLP, has issued an adverse audit report on the effectiveness of the Company’s internal control over financial reporting as of December 31, 2023, which appears in the financial statements appended to this Annual Report on Form 10-K.

This material weakness did not result in any identified material misstatements to the financial statements, and there were no changes to previously released financial results. Following identification of this material weakness, and prior to filing this Annual Report on Form 10-K, we performed additional analysis and procedures in preparing our consolidated financial statements for the year ended December 31, 2023. Based on these procedures, management believes that the consolidated financial statements included in this Form 10-K have been prepared in accordance with U.S. GAAP. Our Chief Executive Officer and Chief Financial Officer have certified that, based on their knowledge, the financial statements, and other financial information included in this Form 10-K, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this Form 10-K.

#### *Remediation Plan for the Material Weakness*

Management is committed to the remediation of the material weakness described above, as well as the continued improvement of our internal control over financial reporting. In order to remediate this material weakness, our management, under the oversight of the Audit Committee, has initiated measures intended to remediate this material weakness and strengthen our internal controls over financial reporting including, but not limited to: (1) developing and deploying a training program regarding the operation and importance of ITGCs and policies, including educating control owners concerning the principles and requirements of each control, with a focus on those controls involving user access to IT systems and change management of IT systems that support financial reporting processes, (2) developing and maintaining documentation of ITGCs to facilitate knowledge transfer in the event of personnel and function changes and (3) enhancing management’s review and testing plan to monitor ITGCs with a specific focus on IT systems supporting our financial reporting processes.

While we are taking steps to implement our remediation plan, the material weakness will not be considered remediated until the enhanced controls operate for a sufficient period of time and management has concluded, through testing, that the related controls are operating effectively. We will monitor the effectiveness of the remediation plan and refine the remediation efforts as appropriate. As we continue to validate and test our internal control over financial reporting, we may determine that additional measures or modifications to the remediation plan are necessary or appropriate.

#### **Changes in Internal Control over Financial Reporting**

Except for the material weakness in information technology general controls identified in the fourth quarter as described above, there were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13(a)-15(d) and 15d-15(d) under the Exchange Act that occurred during the quarter ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. After December 31, 2023, we began the remediation efforts described above.

**Item 9B. Other Information.****Trading Arrangements**

During the three months ended December 31, 2023, none of our directors or executive officers adopted or terminated any “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement” (as such terms are defined in Item 408(c) of Regulation S-K).

**First Amendment to Everbridge, Inc. 2022 Inducement Plan**

On February 26, 2024, our Board amended the Everbridge, Inc. 2022 Inducement Plan (the “Inducement Plan”) to reserve an additional 147,490 shares of our common stock for issuance pursuant to equity awards granted under the Inducement Plan.

**Departure of Chief Accounting Officer**

On February 26, 2024, Phillip E. Huff, our Chief Accounting Officer and principal accounting officer, provided notice he was resigning from his position as Chief Accounting Officer, effective March 22, 2024. The departure was not a result of any disagreement on any matter relating to our accounting practices, operations or policies.

On February 26, 2024, Mr. Huff entered into a release agreement with us (the “Release Agreement”), pursuant to which Mr. Huff became eligible to receive certain separation benefits to be paid following the separation date, including (i) severance payments equal to six (6) months of Mr. Huff’s base salary; (ii) payment of one-third of Mr. Huff’s 2023 annual discretionary bonus, payable within fifteen (15) days of the effective date of the Release Agreement; and (iii) payment of COBRA premiums for up to six (6) months. Additionally, Mr. Huff entered into a consulting agreement with us (the “Consulting Agreement”). The term of the Consulting Agreement will begin on March 23, 2024 and end on May 10, 2024, unless terminated earlier by us pursuant to the terms contained therein. Pursuant to the Consulting Agreement, Mr. Huff will receive \$11,000 per month, with a daily rate of \$550 for any day in which services are performed after having reached eighty (80) hours in the applicable month. In addition, consistent with the terms of our 2016 Equity Incentive Plan and related forms of agreement, all unvested equity awards we previously granted to Mr. Huff will continue to vest during the term of the Consulting Agreement in accordance with their terms, but will not be subject to vesting acceleration.

The above descriptions of the Release Agreement and Consulting Agreement are only summaries and do not purport to be complete and are qualified in their entirety by references to the full text of the agreements, which are filed as Exhibit 10.29 to this Annual Report on Form 10-K and incorporated by reference herein.

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.**

Not applicable.

### PART III

#### **Item 10. Directors, Executive Officers and Corporate Governance.**

The information required by this item is incorporated by reference to our Proxy Statement for our 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2023.

As part of our system of corporate governance, our board of directors has adopted a code of business conduct and ethics. The code applies to all of our employees, officers (including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions), agents and representatives, including our independent directors and consultants, who are not employees of ours, with regard to their activities related to our business. Our code of business conduct and ethics is available on our website at [www.everbridge.com](http://www.everbridge.com). We intend to post on this section of our website any amendment to our code of business conduct and ethics, as well as any waivers of our code of business conduct and ethics, that are required to be disclosed by the rules of the SEC or the Nasdaq Global Market.

#### **Item 11. Executive Compensation.**

The information required by this item is incorporated by reference to our Proxy Statement for our 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2023.

#### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

The information required by this item is incorporated by reference to our Proxy Statement for our 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2023.

#### **Item 13. Certain Relationships and Related Transactions, and Director Independence.**

The information required by this item is incorporated by reference to our Proxy Statement for our 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2023.

#### **Item 14. Principal Accounting Fees and Services.**

The information required by this item is incorporated by reference to our Proxy Statement for our 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2023.

## PART IV

### Item 15. Exhibits, Financial Statement Schedules.

1. Financial Statements. The financial statements as set forth under Item 8 of this Annual Report on Form 10-K are incorporated herein.
2. Financial Statement Schedules. All financial statement schedules have been omitted because they are not applicable, not required, or the information is shown in the financial statements or related notes.
3. Exhibits. See (b) below.

(b) Exhibits:

#### Exhibit Index

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference			
			Form	File No.	Exhibit	Filing Date
2.1	<a href="#"><u>Agreement and Plan of Merger, dated February 4, 2024 among Project Emerson Parent, LLC, Project Emerson Merger Sub, Inc. and Everbridge, Inc.</u></a>		8-K	001-37874	2.1	2/5/24
3.1	<a href="#"><u>Sixth Amended and Restated Certificate of Incorporation of Everbridge, Inc.</u></a>		10-Q	001-37874	3.1	8/9/21
3.2	<a href="#"><u>Third Amended and Restated Bylaws of Everbridge, Inc.</u></a>		10-Q	001-37874	3.2	11/9/23
4.1	<a href="#"><u>Form of common stock certificate of Everbridge, Inc.</u></a>		S-1/A	333-213217	4.1	9/6/16
4.2	<a href="#"><u>Indenture, dated December 13, 2019, between Everbridge, Inc. and U.S. Bank National Association, as Trustee.</u></a>		8-K	001-37874	4.1	12/13/19
4.3	<a href="#"><u>Description of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934.</u></a>		10-K	001-37874	4.5	2/25/22
4.4	<a href="#"><u>Indenture, dated March 11, 2021, between Everbridge, Inc. and U.S. Bank National Association, as Trustee.</u></a>		8-K	001-37874	4.1	3/11/21
4.5	<a href="#"><u>Form of Global Note, representing Everbridge, Inc.'s 0% Convertible Senior Notes due 2026 (included as Exhibit A to the Indenture filed as Exhibit 4.1).</u></a>		8-K	001-37874	4.2	3/11/21
10.1	<a href="#"><u>Lease Agreement, dated as of April 26, 2018 by and between Everbridge, Inc. and PR 155 North Lake, LLC.</u></a>		10-K	001-37874	10.1	3/1/19
10.2	<a href="#"><u>First Amendment to Lease Agreement, dated as of April 10, 2023, by and between Everbridge, Inc. and SFIII Lake, LLC and SFIII FOS Lake, LLC.</u></a>		10-Q	001-37874	10.2	5/9/23
10.3	<a href="#"><u>Lease, dated as of December 16, 2016, by and between Everbridge, Inc. and Burlington Centre Owner, LLC.</u></a>		10-K	001-37874	10.20	3/23/17

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference			
			Form	File No.	Exhibit	Filing Date
10.4	<a href="#">First Amendment to Lease, dated as of February 6, 2018, by and between Everbridge, Inc. and 25 Corporate Drive LLC.</a>		10-K	001-37874	10.20	3/1/19
10.5	<a href="#">Second Amendment to Lease, dated as of October 16, 2018, by and between Everbridge, Inc. and 25 Corporate Drive LLC.</a>		10-K	001-37874	10.22	2/24/23
10.6	<a href="#">Third Amendment to Lease, dated as of November 15, 2022, by and between Everbridge, Inc. and 25 Corporate Drive LLC.</a>		10-K	001-37874	10.23	2/24/23
10.7+	<a href="#">2008 Equity Incentive Plan, as amended and as currently in effect, and Forms of Stock Option Agreement and Notice of Exercise thereunder.</a>		S-1/A	333-213217	10.3	9/6/16
10.8+	<a href="#">2016 Equity Incentive Plan and Forms of Stock Option Agreement, Notice of Exercise and Stock Option Grant Notice thereunder.</a>		S-1/A	333-213217	10.4	9/6/16
10.9+	<a href="#">Form of Restricted Stock Unit Award Agreement under the Everbridge, Inc. 2016 Equity Incentive Plan, as amended.</a>		10-Q	001-37874	10.1	8/14/17
10.10+	<a href="#">2016 Employee Stock Purchase Plan.</a>		S-1/A	333-213217	10.5	9/6/16
10.11+	<a href="#">Everbridge, Inc. 2022 Inducement Incentive Plan.</a>		8-K	001-37874	10.1	12/20/22
10.12+	<a href="#">Form of Option Grant Notice and Award Agreement under the Everbridge, Inc. 2022 Inducement Incentive Plan.</a>		8-K	001-37874	10.2	12/20/22
10.13+	<a href="#">Form of Restricted Stock Unit Grant Notice and Award Agreement under the Everbridge, Inc. 2022 Inducement Incentive Plan.</a>		8-K	001-37874	10.3	12/20/22
10.14+	<a href="#">2022 Corporate Bonus Plan of Everbridge, Inc.</a>		10-K	001-37874	10.15	2/24/23
10.15+	<a href="#">Everbridge, Inc. Severance Plan.</a>		10-Q	001-37874	10.1	8/9/22
10.16+	<a href="#">Non-Employee Director Compensation Plan.</a>		10-K	001-37874	10.6	2/26/21
10.17+	<a href="#">Form of Indemnification Agreement by and between Everbridge, Inc. and each of its directors and executive officers.</a>		S-1	333-213217	10.9	8/19/16
10.18+	<a href="#">Amended and Restated Engagement Agreement, dated as of February 26, 2021, by and between Everbridge, Inc. and Jaime Ellertson.</a>		10-K	001-37874	10.9	2/26/21
10.19+	<a href="#">Employment Agreement, dated as of February 4, 2019, by and between Everbridge, Inc. and Patrick Brickley.</a>		8-K	001-37874	10.1	3/1/19
10.20+	<a href="#">Letter agreement, dated December 8, 2021, by and between Patrick Brickley and Everbridge, Inc.</a>		8-K	001-37874	10.1	12/9/21

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference			
			Form	File No.	Exhibit	Filing Date
10.21+	<a href="#">Employment Agreement, dated as of August 19, 2019, by and between Everbridge, Inc. and Vernon Irvin.</a>		10-Q	001-37874	10.2	11/8/19
10.22+	<a href="#">Letter agreement, dated December 8, 2021, by and between Vernon Irvin and Everbridge, Inc.</a>		8-K	001-37874	10.2	12/9/21
10.23+	<a href="#">Employment Agreement dated July 25, 2022, between David Wagner and the Company.</a>		8-K	001-37874	10.1	7/25/22
10.24+	<a href="#">Consulting Services Agreement dated December 31, 2022 between Elliot J. Mark and the Company.</a>		10-K	001-37874	10.14	2/24/23
10.25+	<a href="#">Employment Agreement, dated as of December 16, 2022, by and between Everbridge, Inc. and Bryan Barney.</a>		10-Q	001-37874	10.1	5/9/23
10.26+	<a href="#">Letter Agreement, dated as of February 4, 2024, by and between Everbridge, Inc. and David Rockvam.</a>	X				
10.27+	<a href="#">Release Agreement and Consulting Agreement dated February 4, 2024 between Patrick Brickley and the Company.</a>	X				
10.28+	<a href="#">First Amendment to Everbridge, Inc. 2022 Inducement Plan.</a>	X				
10.29+	<a href="#">Release Agreement and Consulting Agreement dated February 26, 2024 between Phillip E. Huff and the Company.</a>	X				
21.1	<a href="#">Subsidiaries of Everbridge, Inc.</a>	X				
23.1	<a href="#">Consent of Ernst &amp; Young, LLP.</a>	X				
31.1	<a href="#">Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>	X				
31.2	<a href="#">Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>	X				
32.1*	<a href="#">Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>	X				
32.2*	<a href="#">Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>	X				

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference			
			Form	File No.	Exhibit	Filing Date
97	<a href="#">Everbridge, Inc. Incentive Compensation Recoupment Policy</a>	X				
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.	X				
101.SCH	Inline XBRL Taxonomy Extension Schema Document with Embedded Linkbases Document	X				
104	Cover Page Interactive Data File - the cover page interactive data is embedded within the Inline XBRL document or included within the Exhibit 101 attachments	X				

\* This certification is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

+ Indicates management contract or compensatory plan.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

**Item 16. Form 10-K Summary.**

None.

## 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.

### Everbridge, Inc.

Date: February 27, 2024

By: /s/ David J. Wagner  
David J. Wagner  
*Chief Executive Officer*

Date: February 27, 2024

By: /s/ David E. Rockvam  
David E. Rockvam  
*Executive Vice President and Chief Financial Officer*

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ David J. Wagner</u> David J. Wagner	President, Chief Executive Officer and Director <i>(Principal Executive Officer)</i>	February 27, 2024
<u>/s/ David E. Rockvam</u> David E. Rockvam	Executive Vice President and Chief Financial Officer <i>(Principal Financial Officer)</i>	February 27, 2024
<u>/s/ Phillip E. Huff</u> Phillip E. Huff	Vice President, Corporate Controller and Chief Accounting Officer <i>(Principal Accounting Officer)</i>	February 27, 2024
<u>/s/ David Benjamin</u> David Benjamin	Director	February 27, 2024
<u>/s/ Richard D'Amore</u> Richard D'Amore	Director	February 27, 2024
<u>/s/ Alison Dean</u> Alison Dean	Director	February 27, 2024
<u>/s/ Rohit Ghai</u> Rohit Ghai	Director	February 27, 2024
<u>/s/ David Henshall</u> David Henshall	Chairman of the Board of Directors	February 27, 2024
<u>/s/ Kent Mathy</u> Kent Mathy	Director	February 27, 2024
<u>/s/ Simon Paris</u> Simon Paris	Director	February 27, 2024
<u>/s/ Sharon Rowlands</u> Sharon Rowlands	Director	February 27, 2024

EVERBRIDGE, INC. AND SUBSIDIARIES

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## Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Everbridge, Inc.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Everbridge, Inc. and subsidiaries (the Company) as of December 31, 2023 and 2022, the related consolidated statements of operations and comprehensive loss, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 27, 2024 expressed an adverse opinion thereon.

### Adoption of ASU No. 2020-06

As discussed in Note 9 to the consolidated financial statements, the Company changed its method of accounting for Convertible Senior Notes in 2022 due to the adoption of ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

**Accounting for Software License Contracts**

*Description of the Matter*

The Company has a number of contracts under which it licenses its software for use on the customer’s premises. Such contracts usually have additional distinct performance obligations, such as software support and maintenance, professional services, and managed services. The Company’s revenue recognition accounting policy for such contracts is discussed in Note 2 to the consolidated financial statements. The financial statement accounts primarily affected by such transactions were revenue and deferred revenue.

Auditing such transactions was especially challenging because of the significant judgment required by management to estimate the standalone selling prices for each of the distinct performance obligations in the arrangement, where such performance obligations are typically sold on a bundled basis. Making this judgment of estimating a standalone selling price involves consideration of overall pricing objectives, market conditions and other factors, including the applications sold, customer demographics, geographic locations and the number and types of users within the Company’s contracts. Changes in these estimates of standalone selling prices can have a material effect on the amount of the transaction price allocated to and revenue recognized for each distinct performance obligation.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the determination of standalone selling prices used for the allocation of the transaction price to distinct performance obligations in software license arrangements.

Our audit procedures included, among others, evaluating the Company’s judgments related to the estimate of standalone selling price of each performance obligation for a sample of software license arrangements and recalculating the allocation of the total transaction price to the distinct performance obligations in the contract. In evaluating the judgments made by the Company in the estimate of the standalone selling prices in the selected contracts we met with members of the Company’s executive team to understand the Company’s overall pricing objectives, market conditions and other factors, and examined supporting evidence including the pricing of the same applications in other contracts as determined by customer demographics, geographic locations and the number and types of users within the Company’s contracts. We also performed a sensitivity analysis of the assumptions underlying the standalone selling price estimates to evaluate the impact that a change in those assumptions would have on revenue recognized during the period.

/s/ Ernst & Young LLP

We have served as the Company’s auditor since 2018.

Boston, Massachusetts

February 27, 2024

## Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Everbridge, Inc.

### Opinion on Internal Control Over Financial Reporting

We have audited Everbridge, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, because of the effect of the material weakness described below on the achievement of the objectives of the control criteria, Everbridge, Inc. and subsidiaries (the Company) has not maintained effective internal control over financial reporting as of December 31, 2023, based on the COSO criteria.

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 the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment. Management has identified a material weakness related to ineffective information technology (IT) controls over user access and change management for the primary system supporting its financial statement close process. As a result of the ineffective IT controls, process level automated controls and manual controls that are dependent on the completeness and accuracy of information derived from the affected IT system were concluded to be ineffective because they could have been adversely impacted.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2023 and 2022, the related consolidated statements of operations and comprehensive loss, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2023. This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the 2023 consolidated financial statements, and this report does not affect our report dated February 27, 2024, which expressed an unqualified opinion thereon.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Boston, Massachusetts

February 27, 2024

**EVERBRIDGE, INC. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
(in thousands, except share data)

	As of December 31,	
	2023	2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 122,440	\$ 198,725
Restricted cash	2,120	2,046
Accounts receivable, net	119,389	119,986
Prepaid expenses	12,880	13,133
Assets held for sale	—	6,485
Deferred costs and other current assets	36,604	31,866
Total current assets	293,433	372,241
Property and equipment, net	8,305	8,993
Capitalized software development costs, net	31,630	27,370
Goodwill	517,184	508,781
Intangible assets, net	130,264	166,177
Restricted cash	811	823
Prepaid expenses	902	1,709
Deferred costs and other assets	43,356	39,570
Total assets	\$ 1,025,885	\$ 1,125,664
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 15,013	\$ 10,854
Accrued payroll and employee related liabilities	32,824	31,175
Accrued expenses	36,346	13,566
Deferred revenue	242,789	233,106
Convertible senior notes, current	63,110	—
Liabilities held for sale	—	2,062
Other current liabilities	8,918	10,644
Total current liabilities	399,000	301,407
Long-term liabilities:		
Deferred revenue, noncurrent	6,429	9,278
Convertible senior notes, noncurrent	296,561	500,298
Deferred tax liabilities	4,318	6,236
Other long term liabilities	17,268	19,334
Total liabilities	723,576	836,553
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, par value \$0.001, 10,000,000 shares authorized, no shares issued or outstanding as of December 31, 2023 and December 31, 2022, respectively	—	—
Common stock, \$0.001 par value, 100,000,000 shares authorized, 41,199,583 and 40,127,522 shares issued and outstanding as of December 31, 2023 and December 31, 2022, respectively	41	40
Additional paid-in capital	771,779	721,143
Accumulated deficit	(449,429)	(402,124)
Accumulated other comprehensive loss	(20,082)	(29,948)
Total stockholders' equity	302,309	289,111
Total liabilities and stockholders' equity	\$ 1,025,885	\$ 1,125,664

See accompanying notes to consolidated financial statements.

**EVERBRIDGE, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Operations and Comprehensive Loss**  
(In thousands, except share and per share data)

	Year Ended December 31,		
	2023	2022	2021
Revenue	\$ 448,788	\$ 431,892	\$ 368,433
Cost of revenue	131,487	134,934	114,216
Gross profit	<u>317,301</u>	<u>296,958</u>	<u>254,217</u>
Operating expenses:			
Sales and marketing	159,092	173,621	161,337
Research and development	95,468	95,986	81,647
General and administrative	120,519	99,365	87,482
Restructuring	3,621	12,169	—
Total operating expenses	<u>378,700</u>	<u>381,141</u>	<u>330,466</u>
Operating loss	<u>(61,399)</u>	<u>(84,183)</u>	<u>(76,249)</u>
Other expense, net:			
Interest income	7,120	5,697	390
Interest expense	(2,796)	(5,106)	(35,949)
Gain on extinguishment of convertible notes, capped call modification and change in fair value	12,658	19,243	7,181
Other income (expense), net	820	777	(2,748)
Total other income (expense), net	<u>17,802</u>	<u>20,611</u>	<u>(31,126)</u>
Loss before income taxes	<u>(43,597)</u>	<u>(63,572)</u>	<u>(107,375)</u>
Benefit from (provision for) income taxes	(3,708)	2,398	12,579
Net loss	<u>\$ (47,305)</u>	<u>\$ (61,174)</u>	<u>\$ (94,796)</u>
Net loss per share attributable to common stockholders			
Basic	<u>\$ (1.16)</u>	<u>\$ (1.54)</u>	<u>\$ (2.50)</u>
Diluted	<u>\$ (1.31)</u>	<u>\$ (1.76)</u>	<u>\$ (2.50)</u>
Weighted-average common shares outstanding:			
Basic	40,668,327	39,680,440	37,962,793
Diluted	43,622,341	45,583,459	37,962,793
Other comprehensive income (loss):			
Foreign currency translation adjustment	9,866	(27,046)	(5,712)
Total other comprehensive income (loss)	<u>9,866</u>	<u>(27,046)</u>	<u>(5,712)</u>
Total comprehensive loss	<u>\$ (37,439)</u>	<u>\$ (88,220)</u>	<u>\$ (100,508)</u>

See accompanying notes to consolidated financial statements.

**EVERBRIDGE, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Stockholders' Equity**  
(in thousands, except share data)

	Common stock		Additional paid-in capital	Accumulated deficit	Accumulated- other comprehensive income (loss)	Total
	Shares	Par value				
Balance at January 1, 2021	35,449,447	\$ 35	\$ 542,776	\$ (293,316)	\$ 2,810	\$ 252,305
Issuance of common stock in connection with acquisitions	1,311,960	—	169,541	—	—	169,541
Issuance of common stock for contingent consideration	51,914	—	7,177	—	—	7,177
Stock-based compensation	—	—	44,684	—	—	44,684
Vesting of restricted stock units and performance-based restricted stock units	573,493	2	—	—	—	2
Stock award shares withheld to settle employee tax withholding liability	(68,832)	—	(10,085)	—	—	(10,085)
Exercise of stock options	114,381	—	3,113	—	—	3,113
Issuance of shares under employee stock purchase plan	41,164	—	4,587	—	—	4,587
Equity component of convertible notes due 2026, net of allocated issuance costs and taxes	—	—	99,000	—	—	99,000
Purchase of capped call hedge for the convertible notes due 2026, including issuance costs	—	—	(35,124)	—	—	(35,124)
Settlement of convertible notes due 2022	1,916,206	2	17,109	—	—	17,111
Termination and modification of capped call hedge for the convertible notes due 2022	—	—	10,886	—	—	10,886
Other comprehensive loss	—	—	—	—	(5,712)	(5,712)
Net loss	—	—	—	(94,796)	—	(94,796)
Balance at December 31, 2021	39,389,733	39	853,664	(388,112)	(2,902)	462,689
Cumulative effect of adoption of ASU 2020-06, net of taxes	—	—	(185,141)	47,162	—	(137,979)
Modification of 2022 Notes capped call options and resulting reclassification to derivative asset	—	—	6,110	—	—	6,110
Capped call termination and retirement of shares	(22,914)	—	—	—	—	—
Stock-based compensation	—	—	49,508	—	—	49,508
Vesting of restricted stock units and performance-based restricted stock units	843,402	1	—	—	—	1
Stock award shares withheld to settle employee tax withholding liability	(198,278)	—	(6,307)	—	—	(6,307)
Exercise of stock options	9,883	—	144	—	—	144
Issuance of shares under employee stock purchase plan	105,696	—	3,165	—	—	3,165
Other comprehensive loss	—	—	—	—	(27,046)	(27,046)
Net loss	—	—	—	(61,174)	—	(61,174)
Balance at December 31, 2022	40,127,522	\$ 40	\$ 721,143	\$ (402,124)	\$ (29,948)	\$ 289,111

	Common stock		Additional paid-in capital	Accumulated deficit	Accumulated- other comprehensive loss	Total
	Shares	Par value				
Balance at January 1, 2023	40,127,522	\$ 40	\$ 721,143	\$ (402,124)	\$ (29,948)	\$ 289,111
Stock-based compensation	—	—	52,878	—	—	52,878
Vesting of restricted stock units and performance-based restricted stock units	1,123,677	1	—	—	—	1
Stock award shares withheld to settle employee tax withholding liability	(299,195)	—	(7,885)	—	—	(7,885)
Exercise of stock options	75,457	—	1,319	—	—	1,319
Issuance of shares under employee stock purchase plan	172,122	—	4,291	—	—	4,291
Termination of capped call hedge for the convertible notes due 2024	—	—	33	—	—	33
Other comprehensive income	—	—	—	—	9,866	9,866
Net loss	—	—	—	(47,305)	—	(47,305)
Balance at December 31, 2023	<u>41,199,583</u>	<u>\$ 41</u>	<u>\$ 771,779</u>	<u>\$ (449,429)</u>	<u>\$ (20,082)</u>	<u>\$ 302,309</u>

See accompanying notes to consolidated financial statements.

**EVERBRIDGE, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
(In thousands)

	Year Ended December 31,		
	2023	2022	2021
Cash flows from operating activities:			
Net loss	\$ (47,305)	\$ (61,174)	\$ (94,796)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	58,815	60,600	53,168
Amortization of deferred costs	19,568	18,251	14,373
Deferred income taxes	(1,912)	(5,183)	(12,972)
Accretion of interest on convertible senior notes	2,640	4,561	35,271
(Gain) loss on disposal of assets	(708)	727	(82)
Gain on extinguishment of debt, capped call modification and change in fair value	(12,658)	(19,243)	(7,181)
Provision for credit losses and sales reserve	2,001	410	4,750
Stock-based compensation	48,889	47,620	44,095
Change in fair value of contingent consideration obligation	—	(57)	(7,046)
Payment of contingent consideration in excess of acquisition date fair value	—	—	(2,653)
Other non-cash adjustments	—	—	(240)
Change in operating assets and liabilities:			
Accounts receivable	(1,064)	(848)	(18,187)
Prepaid expenses	984	560	(478)
Deferred costs	(28,562)	(23,063)	(16,793)
Other assets	947	(3,527)	(1,172)
Accounts payable	4,187	(4,855)	3,772
Accrued payroll and employee related liabilities	1,649	(4,136)	2,687
Accrued expenses	21,741	992	3,088
Deferred revenue	6,878	8,746	26,595
Other liabilities	(3,515)	(214)	(4,006)
Net cash provided by operating activities	<u>72,575</u>	<u>20,167</u>	<u>22,193</u>
Cash flows from investing activities:			
Capital expenditures	(5,217)	(3,462)	(5,055)
Proceeds from landlord reimbursement	88	1,219	—
Proceeds from sale of assets	4,368	—	—
Payments for acquisition of business, net of acquired cash	—	(1,585)	(262,084)
Additions to capitalized software development costs	(16,540)	(15,065)	(14,697)
Net cash used in investing activities	<u>(17,301)</u>	<u>(18,893)</u>	<u>(281,836)</u>

	Year Ended December 31,		
	2023	2022	2021
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of convertible notes	—	—	375,000
Payments of debt issuance costs	—	—	(10,640)
Purchase of convertible notes capped call hedge	—	—	(35,100)
Repurchase of convertible notes	(129,579)	(288,761)	(58,643)
Proceeds from termination of convertible notes capped call hedge	33	1,312	10,650
Payments of contingent consideration obligation	—	—	(2,540)
Payments associated with shares withheld to settle employee tax withholding liability	(7,885)	(6,307)	(10,085)
Proceeds from employee stock purchase plan	4,291	3,165	4,587
Proceeds from option exercises	1,319	144	3,113
Other	(77)	(73)	2
Net cash provided by (used in) financing activities	(131,898)	(290,520)	276,344
Effect of exchange rates on cash, cash equivalents and restricted cash	401	(1,918)	427
Net increase (decrease) in cash, cash equivalents and restricted cash	(76,223)	(291,164)	17,128
Cash, cash equivalents and restricted cash—beginning of year	201,594	492,758	475,630
Cash, cash equivalents and restricted cash—end of year	<u>\$ 125,371</u>	<u>\$ 201,594</u>	<u>\$ 492,758</u>
<b>Supplemental disclosures of cash flow information:</b>			
Cash paid during the year for:			
Interest	\$ 1,175	\$ 556	\$ 894
Taxes, net of refunds received	5,888	1,716	1,543
<b>Supplemental disclosure of non-cash activities</b>			
Common stock issued in connection with acquisitions	—	—	169,541
Contingent consideration in connection with acquisitions	—	—	9,195
Common stock issued in connection with contingent consideration payment	—	—	7,177
Purchase accounting payable, net	—	—	1,492
Common stock issued in connection with settlement of convertible notes	—	—	17,109
Modification of 2022 Notes capped call options and resulting reclassification from equity to derivative asset	—	6,090	—
Common stock received in connection with settlement of capped call options	—	700	—
Purchased intangible asset decrease	(399)	(963)	(3,027)
Capitalized assets included in accounts payable and accrued expenses	201	349	1,622
Capitalized development costs included in accounts payable and accrued expenses	280	—	—
Stock-based compensation capitalized for software development	3,782	2,093	589
Treasury stock retired	—	700	—
Other non-cash activities	192	—	—

See accompanying notes to consolidated financial statements.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements**

**(1) Business and Nature of Operations**

Everbridge, Inc., a Delaware corporation (together with its wholly-owned subsidiaries, referred to as “Everbridge” or the “Company”), is a global software company that empowers resilience by leveraging intelligent automation technology to enable customers to anticipate, mitigate, respond to, and recover from critical events to keep people safe and organizations running. The Company’s SaaS-based platform enables the Company’s customers to manage and mitigate critical events. The Company’s enterprise applications, such as Mass Notification, Safety Connection, IT Alerting, Risk Intelligence, Public Warning, Community Engagement, Crisis Management, CareConverge, Control Center, Travel Protector, SnapComms and E911, automate numerous critical event management (“CEM”) processes. The Company generates revenue primarily from subscription fees to the Company’s enterprise applications. The Company has operations in the United States, United Kingdom, Norway, China, Netherlands, Canada, New Zealand, France, India, and other countries.

***Proposed Merger with Thoma Bravo***

On February 4, 2024, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Project Emerson Parent, LLC (“Parent”) and Project Emerson Merger Sub, Inc. (“Merger Sub”). The Merger Agreement provides that, subject to the terms and conditions set forth in the Merger Agreement, Merger Sub will merge with and into Everbridge (the “Merger”), with Everbridge continuing as the surviving corporation of the Merger and a wholly owned subsidiary of Parent. Parent and Merger Sub are affiliates of Thoma Bravo Discover Fund IV, L.P. (the “Thoma Bravo Fund”), an investment fund managed by Thoma Bravo, L.P. For further information, see Note 21, Subsequent Events.

**(2) Summary of Significant Accounting Policies**

***Basis of Presentation***

The accompanying consolidated financial statements include the Company’s results of operations and those of its wholly-owned subsidiaries. The Company’s accounting and financial reporting policies conform to generally accepted accounting principles in the United States of America (“U.S. GAAP”).

***Principles of Consolidation***

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation. Business acquisitions are included in the Company’s consolidated financial statements from the date of the acquisition. The Company’s purchase accounting resulted in all assets and liabilities of acquired businesses being recorded at their estimated fair values on the acquisition dates.

***Use of Estimates***

The preparation of 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 disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

Assets and liabilities which are subject to judgment and use of estimates include the determination of the period of benefit for deferred commissions, relative stand-alone selling price for identified performance obligations in the Company's revenue transactions, allowances for credit losses, the fair value of assets acquired and liabilities assumed in business combinations, the fair value of contingent consideration, the recoverability of goodwill and long-lived assets, valuation allowances with respect to deferred tax assets, useful lives associated with property and equipment and intangible assets, contingencies, and the valuation and assumptions underlying stock-based compensation. On an ongoing basis, the Company evaluates its estimates compared to historical experience and trends, which form the basis for making judgments about the carrying value of assets and liabilities. In addition, the Company engages valuation specialists to assist with management's determination of the valuation of its fair values of assets acquired and liabilities assumed in business combinations, convertible senior notes, and certain market-based performance equity awards.

***Recently Adopted Accounting Pronouncements***

*ASU 2021-08*

In October 2021, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2021-08, *Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*. ASU 2021-08 requires the recognition and measurement of contract assets and contract liabilities acquired in a business combination in accordance with Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*. Considerations to determine the amount of contract assets and contract liabilities to record at the acquisition date include the terms of the acquired contract, such as timing of payment, identification of each performance obligation in the contract and allocation of the contract transaction price to each identified performance obligation on a relative standalone selling price basis as of contract inception. The Company adopted ASU 2021-08 on January 1, 2023 on a prospective basis. The adoption of this standard did not have an impact on the Company's consolidated financial statements.

*ASU 2022-04*

In September 2022, the FASB issued ASU 2022-04, *Liabilities—Supplier Finance Programs*. *Supplier finance programs allow a buyer to offer its suppliers the option for access to payment in advance of an invoice due date, which is paid by a third-party finance provider or intermediary on the basis of invoices that the buyer has confirmed as valid*. ASU 2022-04 requires that a buyer in a supplier finance program disclose key terms of the program, the balance sheet presentation of program obligations, amounts outstanding and rollforward of program obligations. The Company adopted ASU 2022-04 on January 1, 2023. The adoption of this standard did not have an impact on the Company's consolidated financial statements.

***Recent Accounting Pronouncements Not Yet Adopted***

*ASU 2023-09*

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. ASU 2023-09 requires annual disclosures of specific categories in the rate reconciliation, additional information for reconciling items that meet a quantitative threshold and a disaggregation of income taxes paid, net of refunds. ASU 2023-09 also eliminates certain existing disclosure requirements related to uncertain tax positions and unrecognized deferred tax liabilities. ASU 2023-09 is effective for the Company beginning with the 2025 Annual Report on Form 10-K. Early adoption is permitted. ASU 2023-09 should be applied prospectively. Retrospective adoption is permitted. The Company is currently assessing the impact this standard will have on the Company's consolidated financial statements.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

*ASU 2023-07*

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. ASU 2023-07 requires disclosures of significant segment expenses that are regularly provided to the chief operating decision maker (“CODM”) and included within each reported measure of segment profit or loss, the amount and composition of other segment items and the title and position of the CODM with an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources. In addition to the measure that is most consistent with the measurement principles under generally accepted accounting principles, additional measures of a segment’s profit or loss that are used by the CODM in assessing segment performance and deciding how to allocate resources may be disclosed. All annual disclosures of a reportable segment’s profit or loss and assets required by ASC 280, *Segment Reporting*, will be required to be disclosed in interim periods. Public entities with a single reportable segment are required to provide all disclosures required under ASC 280. ASU 2023-07 is effective for the Company beginning with the 2024 Annual Report on Form 10-K. Early adoption is permitted. ASU 2023-07 should be applied retrospectively to all periods presented in the financial statements. The Company is currently assessing the impact this standard will have on the Company’s consolidated financial statements.

Other accounting standard updates effective for interim and annual periods beginning after December 31, 2023 are not expected to have a material impact on the Company’s financial position, results of operations or cash flows.

***Fair Value Measurements***

Fair value is defined as 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.

Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Accounting standards describe a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

Level 1—Quoted prices in active markets for identical assets or liabilities or funds.

Level 2—Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

***Concentrations of Credit and Business Risk***

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash, cash equivalents and accounts receivable.

The Company maintains cash and cash equivalent balances at several banks. Accounts located in the United States are insured by the Federal Deposit Insurance Corporation (“FDIC”), up to \$250,000. From time to time, balances may exceed amounts insured by the FDIC. The Company has not experienced any losses in such amounts.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

The Company's accounts receivable are generally unsecured and are derived from revenue earned from customers primarily located in the United States, Norway, Netherlands, Sweden and the United Kingdom and are generally denominated in U.S. Dollars, Norwegian Krone, Euro, Swedish Kronor or British Pounds. Each reporting period, the Company reevaluates each customer's ability to satisfy credit obligations and maintains an allowance for credit risk based on the evaluations. No single customer comprised more than 10% of the Company's total revenue for the years ended December 31, 2023, 2022 and 2021. No single customer comprised more than 10% of the Company's gross accounts receivable balance at December 31, 2023 and 2022.

***Cash and Cash Equivalents***

The Company considers all highly liquid instruments with original maturities of three months or less at the date of purchase to be cash equivalents. Cash equivalents consist of funds deposited into money market funds. Cash and cash equivalents are recorded at cost, which approximates fair value.

***Restricted Cash***

The Company's restricted cash balance primarily consists of cash held at a financial institution for collateral against performance on the Company's customer contracts and certain other cash deposits for specific purposes.

***Accounts Receivable***

Accounts receivable includes trade accounts receivables from the Company's customers, net of an allowance for credit risk. Accounts receivable are recorded at the invoiced amount and do not bear interest. The Company's contract assets relate to services performed which were not billed, net of an allowance for credit risk. Allowance for credit risk for accounts receivables and contract assets is established based on various factors including credit profiles of the Company's customers, historical payments and current economic trends. The Company reviews its allowance for accounts receivables and contract assets by assessing individual accounts receivable or unbilled contract assets over a specific aging and amount. All other balances are pooled based on historical collection experience. The estimate of expected credit losses is based on information about past events, current economic conditions, and forecasts of future economic conditions that affect the collectability. Accounts receivable and contract assets are written-off on a case by case basis, net of any amounts that may be collected.

***Property and Equipment, Net***

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is generally three years for computer software, office computers and system software, five years for system hardware and furniture and equipment, and over the shorter of lease term or useful life of the assets for leasehold improvements. Maintenance and repairs are expensed as incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the Company's results of operations.

***Capitalized Software Development Costs***

The Company capitalizes the costs of software developed or obtained for internal use in accordance with FASB ASC 350-40, *Internal Use Software*. Capitalized software development costs consist of costs incurred during the application development stage and include purchased software licenses, implementation costs, consulting costs, and payroll-related costs for projects that qualify for capitalization. These costs relate to major new functionality. All other costs, primarily related to maintenance and minor software fixes, are expensed as incurred.

The Company amortizes the capitalized software development costs on a straight-line basis over the estimated useful life of the software, which is generally three years, beginning when the asset is substantially ready for use. The amortization of capitalized software development costs is reflected in cost of revenue.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

For software licenses for on premises usage, software development costs are capitalized in accordance with ASC 985-20, *Costs of Software to be Sold, Leased or Marketed*. The Company capitalizes software development costs incurred after technological feasibility of the software is established or for development costs that have alternative future uses. Under the Company's current practice, the technological feasibility of the underlying software is not established until substantially all product development and testing is complete, which generally includes the development of a working model. Software development costs that have been capitalized to date have not been material.

***Business Combinations***

The results of businesses acquired in a business combination are included in the Company's consolidated financial statements from the date of acquisition. Purchase accounting results in assets and liabilities of an acquired business being recorded at their estimated fair values on the acquisition date. Any excess consideration over the value of the assets acquired and liabilities assumed is recognized as goodwill.

The Company performs valuations of assets acquired and liabilities assumed on each acquisition accounted for as a business combination, and allocates the purchase price to the tangible and intangible assets acquired and liabilities assumed based on its best estimate of fair value. Acquired intangible assets include: tradenames, customer relationships, and developed technology. The Company determines the appropriate useful life of intangible assets by performing an analysis of cash flows based on historical experience of the acquired businesses. Intangible assets are amortized over their estimated useful lives based on the pattern in which the economic benefits associated with the asset are expected to be consumed, which to date has approximated the straight-line method of amortization. The estimated useful lives for tradenames, customer relationships, and technology are generally three to seven years, five to nine years, and three to four years, respectively.

The valuation of the contingent consideration is derived using estimates of the probability of achievement within specified time periods based on projections of future revenue metrics per the terms of the applicable agreements. These include estimates of the Company's assessment of the probability of meeting such results, with the probability-weighted earn-out using a Monte Carlo Simulation Model then discounted to estimate fair value. Fair value is estimated using the probability weighted cash flow estimate closer to the measurement date. The various operating performance measures included in these contingent consideration agreements primarily relate to product revenue.

***Held for Sale***

Assets and liabilities to be disposed of by sale ("disposal groups") are reclassified into assets and liabilities held for sale on the Company's Consolidated Balance Sheet in the period in which all of the following criteria are met: management, having the authority to approve the action, commits to a plan to sell the disposal group; the disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such disposal group; an active program to locate a buyer and other actions required to complete the plan to sell the disposal group have been initiated; the sale of the disposal group is probable, and transfer of the disposal group is expected to qualify for recognition as a completed sale within one year, except if events or circumstances beyond our control extend the period of time required to sell the disposal group beyond one year; the disposal group is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Upon determining that a disposal group meets the criteria to be classified as held for sale, the Company reports the assets and liabilities of the disposal group as held for sale in the consolidated balance sheet.

Disposal groups are measured at the lower of carrying value or fair value less costs to sell and are not depreciated or amortized. Any loss resulting from this measurement is recognized in the period in which the held for sale criteria are met. Gains are not recognized on the sale of a disposal group until the date of sale. The fair value of a disposal group, less any costs to sell, is assessed each reporting period it remains classified as held for sale and any remeasurement to the lower of carrying value or fair value less costs to sell is reported as an adjustment to the carrying value of the disposal group.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

***Segment Information***

The Company's Chief Executive Officer is the chief operating decision maker, who reviews the Company's financial information presented on a consolidated basis for purposes of allocating resources and evaluating the Company's financial performance. Accordingly, the Company has determined that it operates in a single reporting segment.

***Long-Lived Assets***

The Company evaluates the recoverability of its long-lived assets with finite useful lives for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable or that the useful lives of those assets are no longer appropriate. Management considers the following potential indicators of impairment of its long-lived assets (asset group): a substantial decrease in the Company's stock price, a significant adverse change in the extent or manner in which a long-lived asset (asset group) is being used, a significant adverse change in legal factors or in the business climate that could affect the value of the long-lived asset (asset group), an accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of a long-lived asset (asset group), and a current expectation that, more likely than not, a long lived asset (asset group) will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. When such events occur, the Company compares the carrying amounts of the assets group to their undiscounted expected future cash flows. If this comparison indicates that there may be an impairment, the amount of the impairment is calculated as the difference between the carrying value and fair value. For the years presented, the Company did not recognize an impairment charge.

***Intangible Assets***

Intangible assets consist of patents, tradename, customer relationships and acquired technology. The Company records acquired intangible assets at fair value on the date of acquisition and amortizes such assets using the straight-line method over the expected useful life of the asset. The estimated useful lives of acquired intangible assets currently held ranges from three to nine years. The Company evaluates the useful lives of these assets on an annual basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets in accordance with the long-lived assets policy stated above. If the estimate of an intangible asset's remaining useful life is changed, the Company amortizes the remaining carrying value of the intangible asset prospectively over the revised remaining useful life.

***Goodwill***

Goodwill represents the excess of the aggregate purchase price paid over the fair value of the net assets acquired in business combinations. Goodwill is not amortized and is tested for impairment at least annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Events or changes in circumstances that could trigger an impairment review include a significant adverse change in business climate, an adverse action or assessment by a regulator, unanticipated competition, a loss of key personnel, significant changes in the manner of use of the acquired assets or the strategy for the Company's overall business, significant negative industry or economic trends, or significant underperformance relative to expected historical or projected future results of operations. The Company has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying value, including goodwill. If, after assessing the totality of events or circumstances, the Company determines that it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, additional impairment testing is not required. The Company tests for goodwill impairment annually on November 30.

The Company performed a qualitative goodwill assessment at November 30, 2023 and concluded there was no impairment based on the qualitative assessment including our share price decrease as well as positive factors related to macroeconomic conditions, industry and market considerations, cost factors, financial performance and market capitalization.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

***Debt Issuance Costs***

Debt issuance costs related to convertible senior notes recorded as a reduction of the carrying amount of the debt are amortized to interest expense using the effective interest method.

***Revenue Recognition***

The Company derives its revenues primarily from subscription services, professional services and software license arrangements.

Revenues are recognized when control of services is transferred to the Company's customers in an amount that reflects the consideration it expects to be entitled to in exchange for those services.

The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, the Company satisfies a performance obligation.

***Identify the customer contract***

A customer contract is generally identified when the Company and a customer have executed an arrangement that calls for the Company to grant access to its software products either online or on premises and provide professional services in exchange for consideration from the customer.

***Identify performance obligations that are distinct***

A performance obligation is a promise to provide a distinct good or service or a series of distinct goods or services. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer, and a company's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract. The Company has determined that subscriptions for its online software products are distinct because, once a customer has access to the online software product that it purchased, the online software product is fully functional and does not require any additional development, modification, or customization. The Company generally considers its on premises software products distinct because once the on premises software product is made available to the customer for beneficial use, it is fully functional and does not require any additional development, modification, customization or support. Professional services sold are distinct because the customer benefits from the on-boarding and training to make better use of the online and on premises software products it purchased. On occasion, the Company will treat on premises software licenses and professional services as a combined performance obligation when professional services significantly modify or enhance the core functionality of the on premises software.

***Determine the transaction price***

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer, excluding sales taxes that are collected on behalf of government agencies. The Company estimates any variable consideration to which it will be entitled at contract inception, and reassesses at each reporting date, when determining the transaction price. The Company does not include variable consideration to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will occur when any uncertainty associated with the variable consideration is resolved. Variable consideration revenue was not material for the years ended December 31, 2023, 2022 and 2021.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

*Allocate the transaction price to the distinct performance obligations*

The transaction price is allocated to the separate performance obligation on a relative standalone selling prices (“SSP”) basis for those performance obligations with stable observable prices and then the residual method is applied for any performance obligation that has pricing which is highly variable. The Company determines the SSP of its goods and services based upon their average sales price or using other observable inputs, such as similar products or services.

*Recognize revenue as the performance obligations are satisfied*

Revenues are recognized when or as control of the promised goods or services is transferred to customers. Revenue from subscriptions to the Company’s critical event management and enterprise safety applications is recognized ratably over the subscription period beginning on the date the Company’s online software products are made available to customers. Most subscription contracts are two years or more. The Company recognizes revenue from professional services as the services are provided. Software on premises license transactions are generally perpetual in nature and are recognized at a point in time when made available to the customer for use.

***Disaggregation of Revenue***

The Company provides disaggregation of revenue based on geographic region (see Note 15) and based on the subscription versus professional services and other classification on the consolidated statements of operations as it believes this best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

***Subscription Services Revenues***

Subscription services revenues primarily consist of fees that provide customers access to one or more of the Company’s hosted applications for critical event management, with routine customer support. Revenue is generally recognized over time on a ratable basis over the contract term beginning on the date that the Company’s service is made available to the customer. All services are recognized using an output measure of progress looking at time elapsed as the contract generally provides the customer equal benefit throughout the contract period. The Company’s subscription contracts are generally two years or longer in length, billed annually in advance, and non-cancelable.

***Professional Services Revenues***

Professional services revenues primarily consist of fees for deployment and optimization services, as well as training. The majority of the Company’s consulting contracts revenue is recognized over time as the services are performed. For contracts billed on a fixed price basis, revenue is recognized over time based on the proportion of services performed to date compared to total services expected to be performed.

***Software License Revenues***

The Company also sells software and related post contract support for on premises usage as well as professional services, hardware and hosting. The Company’s on premises license transactions are generally perpetual in nature and are recognized at a point in time when made available to the customer for use. Significant judgment is required to determine the standalone selling prices for each distinct performance obligation in order to allocate the transaction price for purposes of revenue recognition. Making this judgment of estimating a standalone selling price involves consideration of overall pricing objectives, market conditions and other factors, including the value of the Company’s other similar contracts, the applications sold, customer demographics, geographic locations, and the number and types of users within the Company’s contracts. The significant judgment was primarily due to using such considerations to estimate the price that each distinct performance obligation would be sold for on a standalone basis because such performance obligations are typically sold together on a bundled basis. Changes in these estimates of standalone selling prices can have a material effect on the amount of revenue recognized from each distinct performance obligation.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

***Contracts with Multiple Performance Obligations***

Most of the Company's contracts with customers contain multiple performance obligations. For these contracts, the Company accounts for individual performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations on a relative standalone selling price basis for those performance obligations with stable observable prices and then the residual method applied for any performance obligation that has pricing which is highly variable. The Company determines the standalone selling prices based on the Company's overall pricing objectives, taking into consideration market conditions and other factors, including the value of the Company's contracts, pricing when certain services are sold on a standalone basis, the applications sold, customer demographics, geographic locations, and the volume of services and users.

***Returns***

The Company does not offer rights of return for its products and services in the normal course of business.

***Customer Acceptance***

The Company's contracts with customers generally do not include customer acceptance clauses.

***Trade and Other Receivables***

Trade and other receivables are primarily comprised of trade receivables that are recorded at the invoice amount, net of an allowance for credit risk, which is not material. Other receivables represent unbilled receivables related to subscription and professional services contracts, net of an allowance for credit losses, which is not material.

***Deferred Costs***

Sales commissions earned by the Company's sales force are considered incremental and recoverable costs of obtaining a contract with a customer. Subscription-related commissions costs are deferred and then amortized on a straight-line basis over a period of benefit that the Company has determined to be four years. Sales commissions attributable to professional services are expensed within twelve months of selling the service to the customer. The Company has determined the period of benefit by taking into consideration its customer contracts, its technology and other factors. Sales commissions attributed to renewals are not material and are not commensurate with initial and growth sales. Amortization of deferred commissions is included in sales and marketing expenses in the accompanying consolidated statements of operations.

***Deferred Revenue***

Deferred revenue consists of amounts that have been invoiced and for which the Company has the right to bill, but that have not been recognized as revenue because the related goods or services have not been transferred. Deferred revenue that will be realized during the succeeding 12-month period is recorded as current, and the remaining deferred revenue is recorded as non-current.

In instances where the timing of revenue recognition differs from the timing of invoicing, the Company has determined its contracts generally do not include a significant financing component. The primary purpose of the Company's invoicing terms is to provide customers with simplified and predictable ways of purchasing the Company's products and services, not to receive financing from its customers or to provide customers with financing. Examples include invoicing at the beginning of a subscription term with revenue recognized ratably over the contract period.

***Advertising Expenses***

Advertising expenses to promote the Company's services are expensed as incurred. Advertising expenses included in sales and marketing expense were \$5.6 million, \$6.4 million and \$9.5 million for the years ended December 31, 2023, 2022 and 2021, respectively.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

***Research and Development***

Research and development expenses primarily consist of employee-related costs for research and development staff, including salaries, bonuses, benefits and stock-based compensation and the cost of certain third-party service providers related to the development of the Company's solutions that do not meet the criteria to be capitalized under ASC 350-40, *Internal Use Software* or ASC 985-20, *Costs of Software to be Sold, Leased or Marketed*.

***Stock-Based Compensation***

Stock-based compensation expense is comprised of stock options, restricted stock units ("RSUs"), performance-based RSUs ("PSUs"), market-based grants and employee stock purchase plan awards.

Stock-based compensation related to stock options and RSUs is measured at the grant date based on the fair value of the award and is recognized on a straight-line basis as expense, net of estimated forfeitures, over the requisite service period, which is generally the vesting period of the respective award. The Company utilizes the Black-Scholes pricing model for determining the estimated fair value of the stock options and employee stock purchase plan awards. The Black-Scholes pricing model requires the use of subjective assumptions including the option's expected term, the volatility of the underlying stock, the fair value of the stock and the expected forfeiture rate.

The Company grants PSUs that vest upon satisfaction of certain performance-based conditions. The vesting of PSUs is subject to the employee's continued employment with the Company through the date of achievement. The fair value is based on value of the Company's common stock at the date of issuance and the probability of achieving the performance metric. Compensation cost is recognized under the accelerated method and is adjusted in future periods for subsequent changes in the expected outcome of the performance related conditions.

The Company recognizes compensation expense for market-based grants based on the fair value of the award which is remeasured at each reporting period until settlement. The Company utilizes the Monte-Carlo simulation model for determining the estimated fair value of market-based grants. The Monte-Carlo simulation model requires the use of subjective assumptions including the volatility of the underlying stock.

***Income Taxes***

The Company accounts for income taxes using the asset and liability method of accounting for income taxes in which deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as income in the period that includes the enactment date. A valuation allowance is established if it is more likely than not that all or a portion of the deferred tax asset will not be realized.

The calculation of the Company's tax liabilities involves dealing with uncertainties of the application of complex tax regulations. The Company recognizes liabilities for uncertain tax positions based on a two-step approach. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not, that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount, which is more than 50% likely of being realized upon ultimate settlement. The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments.

The Tax Cuts and Jobs Act subjects a United States shareholder to tax on Global Intangible Low-Taxed Income ("GILTI") earned by certain foreign subsidiaries. The FASB staff question-and-answer document Topic 740 No. 5, *Accounting for Global Intangible Low-Taxed Income*, states that an entity can make an accounting policy election to either recognize deferred taxes for temporary basis differences expected to reverse as GILTI in future years or to provide for the tax expense related to GILTI in the year the tax is incurred as a period expense only. The Company elected to account for GILTI in the year the tax is incurred.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

**Foreign Currency Translation**

The functional currency for the Company's foreign subsidiaries is the local currency. For those subsidiaries, the assets and liabilities are translated into U.S. dollars at the exchange rate at the balance sheet date. Income and expenses are translated at the average exchange rates for the period. Net losses on foreign currency transactions of \$0.1 million, \$0.5 million and \$1.5 million for the years ended December 31, 2023, 2022 and 2021, respectively, were recorded as a component of other income (expense), net, on the consolidated statements of operations.

**Other Comprehensive Income (Loss)**

For all periods presented, the Company's other comprehensive income (loss) is comprised of foreign currency translation adjustments related to the Company's foreign subsidiaries.

**Net Loss Per Share Attributable to Common Stockholders**

Basic net loss per share attributable to common stockholders is computed by dividing the Company's net loss attributable to common stockholders by the weighted-average number of common shares used in the loss per share calculation during the period. Diluted net loss per share attributable to common stockholders is computed by giving effect to all potentially dilutive securities, including stock-based compensation awards and convertible senior notes. The Company uses the if-converted method for convertible senior notes for calculating any potential dilutive effect on diluted loss per share.

**(3) Accounts Receivable and Contract Assets, Net**

Accounts receivable, net is as follows (in thousands):

	As of December 31,	
	2023	2022
Accounts receivable amortized cost	\$ 125,522	\$ 127,298
Allowance for credit losses	(6,133)	(7,312)
Net accounts receivable	<u>\$ 119,389</u>	<u>\$ 119,986</u>

The following table summarizes the changes in the allowance for credit losses for accounts receivable (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Balance, beginning of period	\$ (7,312)	\$ (6,922)	\$ (3,788)
Provision for expected credit losses, net	(1,564)	(1,413)	(3,512)
Write-offs	2,743	1,023	378
Balance, end of period	<u>\$ (6,133)</u>	<u>\$ (7,312)</u>	<u>\$ (6,922)</u>

Contract assets, net, included in deferred costs and other current assets on the consolidated balance sheets, is as follows (in thousands):

	As of December 31,	
	2023	2022
Contract asset amortized cost	\$ 9,001	\$ 8,525
Allowance for credit losses	(606)	(1,015)
Net contract asset	<u>\$ 8,395</u>	<u>\$ 7,510</u>

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

The following table summarizes the changes in the allowance for credit losses for contract assets (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Balance, beginning of period	\$ (1,015)	\$ (1,160)	\$ (398)
Provision for expected credit losses, net	—	(24)	(798)
Write-offs	409	169	36
Balance, end of period	<u>\$ (606)</u>	<u>\$ (1,015)</u>	<u>\$ (1,160)</u>

Credit loss expense for the years ended December 31, 2023, 2022 and 2021 was \$2.0 million, \$0.2 million and \$4.4 million, respectively. A payment received from a customer during the year ended December 31, 2022 reduced credit losses expense by \$1.4 million.

The following table summarizes the changes in the sales reserve (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Balance, beginning of period	\$ (425)	\$ (250)	\$ (175)
Additions	—	(211)	(239)
Write-offs	—	36	164
Balance, end of period	<u>\$ (425)</u>	<u>\$ (425)</u>	<u>\$ (250)</u>

**(4) Property and Equipment, Net**

Property and equipment, net consisted of the following (in thousands):

	Useful life in years	As of December 31,	
		2023	2022
Furniture and equipment	5	\$ 1,965	\$ 1,655
Leasehold improvements <sup>(1)</sup>	9	9,371	7,081
System hardware	5	1,928	1,718
Office computers	3	8,950	7,553
Computer and system software	3	2,408	2,398
		<u>24,622</u>	<u>20,405</u>
Less accumulated depreciation and amortization		(16,317)	(11,412)
Property and equipment, net		<u>\$ 8,305</u>	<u>\$ 8,993</u>

<sup>(1)</sup> Lesser of the lease term or the estimated useful lives of the improvements, which may be up to 9 years as of December 31, 2023.

Depreciation and amortization expense for property and equipment for the years ended December 31, 2023, 2022 and 2021 was \$5.6 million, \$5.1 million and \$3.8 million, respectively.

**(5) Capitalized Software Development Costs, Net**

Capitalized software development costs, net consisted of the following (in thousands):

	Gross carrying amount	Amortization period	Accumulated amortization	Net carrying amount
As of December 31, 2023	\$ 64,860	3 years	\$ (33,230)	\$ 31,630
As of December 31, 2022	\$ 92,115	3 years	\$ (64,745)	\$ 27,370

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

The Company capitalized software development costs of \$20.6 million, \$17.1 million and \$15.3 million during the years ended December 31, 2023, 2022 and 2021, respectively.

Amortized expense for capitalized software development costs was \$16.3 million, \$12.5 million and \$9.0 million during the years ended December 31, 2023, 2022 and 2021, respectively. Amortization of capitalized software development costs is classified within cost of revenue in the consolidated statements of operations and comprehensive loss. During the year ended December 31, 2023, the Company retired \$47.9 million of fully amortized capitalized software development assets.

The expected amortization of capitalized software development costs, as of December 31, 2023, for each of the next three years is as follows (in thousands):

2024	\$	15,322
2025		10,654
2026		5,654
	\$	<u>31,630</u>

**(6) Fair Value Measurements**

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair value because of the short maturity of these items.

Certain assets, including long-lived assets, goodwill and intangible assets are also subject to measurement at fair value on a non-recurring basis if they are deemed to be impaired as a result of an impairment review. For the years ended December 31, 2023, 2022 and 2021, no impairments were identified of those assets requiring measurement at fair value on a non-recurring basis.

The Company classifies and discloses fair value measurements in one of the following three categories of fair value hierarchy:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets and liabilities.

Level 2 Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy. Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement (in thousands):

	As of December 31, 2023			Total Fair Value
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<b>Assets:</b>				
Cash equivalents:				
Money market funds	\$ 88,189	\$ —	\$ —	\$ 88,189
Total financial assets	<u>\$ 88,189</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 88,189</u>

	As of December 31, 2022			Total Fair Value
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<b>Assets:</b>				
Cash equivalents:				
Money market funds	\$ 140,336	\$ —	\$ —	\$ 140,336
Total financial assets	<u>\$ 140,336</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 140,336</u>

The Company's assets that are measured by management at fair value on a recurring basis are generally classified within Level 1 or Level 2 of the fair value hierarchy. The Company did not have any transfers into or out of Level 3 during the year ended December 31, 2023.

The Company considers all highly liquid investments purchased with a remaining maturity of three months or less to be cash equivalents. The fair value of the Company's investments in certain money market funds is their face value and such instruments are classified as Level 1 and are included in cash and cash equivalents on the consolidated balance sheets.

For the years ended December 31, 2023, 2022 and 2021, gains or losses realized on the sale of investments were not material. Investments are reviewed periodically to identify possible other-than-temporary impairments. As the Company has the ability and intent to hold these investments with unrealized losses for a reasonable period of time sufficient for the recovery of fair value, which may be maturity, the Company does not consider these investments to be other-than-temporarily impaired for any of the periods presented.

The following table summarizes the changes in Level 3 financial instruments (in thousands):

Fair value at December 31, 2021	\$	59
Change in fair value of contingent consideration obligation from Anvil acquisition		(57)
Foreign currency translation		(2)
Fair value at December 31, 2022	<u>\$</u>	<u>—</u>

The valuation of the contingent consideration was derived using estimates of the probability of achievement within specified time periods based on projections of future revenue metrics per the terms of the applicable agreements. These include estimates of the Company's assessment of the probability of meeting such results, with the probability-weighted earn-out using a Monte Carlo Simulation Model then discounted to estimate fair value. Fair value is estimated using the probability weighted cash flow estimate closer to the measurement date. The various operating performance measures included in these contingent consideration agreements primarily relate to product revenue. As these are unobservable inputs, the contingent consideration liabilities are included in Level 3 inputs.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

On May 27, 2020, the Company entered into a Stock Purchase Agreement with Techwan SA (“Techwan”) pursuant to which the Company purchased all of the issued and outstanding shares of stock of Techwan. In accordance with the Stock Purchase Agreement, 6,779 shares of the Company’s common stock were reserved and were expected to be issued to the sellers in November 2021 subject to the provisions in the Stock Purchase Agreement. Management analyzed the liability for derivative accounting consideration under ASC 815, *Derivatives and Hedging*, and determined that the liability qualifies for derivative accounting. The derivative liability was not designated as a hedging instrument. In accordance with ASC 815, the Company recorded the acquisition-related deferred common stock consideration derivative liability, which was carried at fair value, in other long-term liabilities on the consolidated balance sheet. The derivative liability was marked-to-market each measurement period and changes in fair value during the year ended December 31, 2021 of \$(0.2) million were recorded as a component of other income (expense), net on the consolidated statements of operations. The fair value was derived from the Company’s stock price. In November 2021, the Company issued 6,779 shares of the Company’s common stock to settle the derivative liability and reclassified the derivative liability from a liability to equity.

On November 4, 2021, the Company entered into an agreement with the shareholders of The Anvil Group (International) Limited, Anvil Worldwide Limited and The Anvil Group Limited (collectively, “Anvil”) pursuant to which the Company purchased all of the issued and outstanding share capital of Anvil. The Company paid \$70.2 million in cash at closing, acquired net purchase liabilities of \$1.6 million and issued \$89.7 million in loan notes (“Consideration Loan Notes”) due on November 4, 2022, unless early redeemed by the Company or if there is a redemption on event of default. Also, on November 4, 2021, the Company entered into a Flip-Up Agreement with the Consideration Loan Notes holders to issue shares of the Company’s common stock within 10 business days. The Flip-Up Agreement included a call option for the Company to buy the Consideration Loan Notes from the sellers of Anvil and a put option for the sellers of Anvil to sell the Consideration Loan Notes to the Company for 574,639 shares of the Company’s common stock.

The call and put option was considered a feature embedded in the Consideration Loan Notes. As the value of the call and put option conversion feature embedded in the Consideration Loan Notes was influenced principally by the underlying equity security’s fair value and the volatility in that fair value, the call and put option conversion feature was not considered closely related to the Consideration Loan Notes host contract; therefore, the call and put option conversion feature was bifurcated from the Consideration Loan Notes and recognized separately as a derivative liability at fair value.

On November 4, 2021, the Company exercised the call option and issued 574,639 shares of common stock on November 10, 2021. During the three months ended December 31, 2021, the Company recognized a \$10.1 million gain on the derivative and extinguishment of the Consideration Loan Notes in gain on extinguishment of debt, capped call modification and change in fair value on the consolidated statement of operations due to the decrease in the Company’s stock price between the date the consideration loan notes were issued and the date the consideration loan notes were extinguished.

In connection with the issuance of the 1.50% convertible senior notes due November 1, 2022 (the “2022 Notes”), the Company entered into capped call transactions with certain option counterparties. See Note 9 for details on the 2022 Notes capped call transactions. In September 2022, the Company modified certain of the capped call agreements to elect cash settlement as the final settlement method of the capped call options with two of the counterparties. Management analyzed the capped call options to be settled in cash for derivative accounting consideration under ASC 815, *Derivatives and Hedging*, and determined that they qualify for derivative accounting. The derivative assets were not designated as a hedging instrument. In September 2022, the Company reclassified the fair value of the capped call options to be settled in cash of \$6.1 million from additional paid-in capital to other current assets on the consolidated balance sheet in accordance with ASC 815. The fair value was derived using a Black-Scholes option-pricing model. The valuation model uses various market-based inputs, including stock price, remaining contractual term, expected volatility, risk-free interest rate and expected dividend yield. The Company applies judgment when determining expected volatility. The Company considers both historical and implied volatility levels of the underlying equity security. The assets, which were classified as Level 2 of the fair value hierarchy, were marked-to-market and the decrease in fair value during the year ended December 31, 2022 of \$4.8 million was recorded as a component of gain on extinguishment of debt, capped call modification and change in fair value on the consolidated statement of operations and on the consolidated statement of cash flows. In November 2022, the Company received the related cash as final settlement of the capped call options.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

During the year ended December 31, 2022, as a result of assessing the probabilities of payment for the potential contingent consideration for The Anvil Group (International) Limited, Anvil Worldwide Limited and The Anvil Group Limited (collectively, “Anvil”) through June 30, 2023, the Company recognized a decrease in the fair value of Anvil’s contingent consideration obligation in the amount of \$0.1 million. Cash payment determined as of the settlement date in June 2023 was zero.

The Company estimates the fair value of the convertible senior notes based on market-observable inputs (Level 2). As of December 31, 2023 and 2022, the fair value of the 0% convertible senior notes due March 15, 2026 (the “2026 Notes”) was determined to be \$260.1 million and \$320.5 million, respectively, and the principal amount of the 2026 Notes was \$300.3 million and \$375.0 million, respectively. As of December 31, 2023 and 2022, the fair value of the 0.125% convertible senior notes due December 15, 2024 (the “2024 Notes”) was determined to be \$58.7 million and \$118.2 million, respectively, and the principal amount of the 2024 Notes was \$63.5 million and \$133.6 million, respectively. See Note 9.

**(7) Goodwill and Intangible Assets, Net**

The following table displays the changes in the gross carrying amount of goodwill (in thousands):

Balance at December 31, 2021	\$	531,163
Acquisition initial value adjustment		(1,788)
Foreign currency translation		(20,594)
Balance at December 31, 2022		508,781
Foreign currency translation		8,403
Balance at December 31, 2023	\$	<u>517,184</u>

There were no impairments recorded against goodwill in 2023, 2022 or 2021.

Intangible assets consisted of the following (in thousands):

	Gross carrying amount	Weighted-average life (years)	As of December 31, 2023	
			Accumulated amortization	Net carrying amount
<b>Amortizable intangible assets:</b>				
Developed technology	\$ 34,942	3.47	\$ (29,981)	\$ 4,961
Tradenames	16,505	4.52	(10,315)	6,190
Customer relationships	206,235	8.34	(87,122)	119,113
Total intangible assets	<u>\$ 257,682</u>		<u>\$ (127,418)</u>	<u>\$ 130,264</u>
	Gross carrying amount	Weighted-average life (years)	As of December 31, 2022	
			Accumulated amortization	Net carrying amount
<b>Amortizable intangible assets:</b>				
Developed technology	\$ 34,924	3.47	\$ (21,217)	\$ 13,707
Tradenames	16,513	4.55	(7,057)	9,456
Customer relationships	204,697	8.34	(61,683)	143,014
Total intangible assets	<u>\$ 256,134</u>		<u>\$ (89,957)</u>	<u>\$ 166,177</u>

Amortization expense for intangible assets was \$36.9 million, \$43.0 million and \$40.5 million for the years ended December 31, 2023, 2022 and 2021, respectively. Amortization expense of tradenames and customer relationships is included within general and administrative expenses, while amortization of developed technology is included in cost of revenue. The Company recorded amortization expense attributed to developed technology of \$8.4 million, \$11.7 million and \$12.1 million for the years ended December 31, 2023, 2022 and 2021, respectively.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

In December 2020, the Company completed an asset acquisition and recorded \$17.1 million to developed technology. During the years ended December 31, 2023 and 2022 and 2021, the Company recognized a \$0.4 million, a \$1.0 million and a \$3.0 million, respectively, reduction in the cost basis of the developed technology due to a partial return of the purchase price. The average useful life for the December 2020 asset acquisition of acquired technology is 4.0 years. During 2022, the Company assigned \$5.6 million net carrying amount of intangible assets associated with a pending asset sale to assets held for sale on the consolidated balance sheet. During 2023, the Company completed the divestiture and derecognized the intangible assets (see Note 8). Additionally, during the year ended December 31, 2023, the Company retired \$0.3 million of fully amortized intangible assets.

The expected amortization of the intangible assets, as of December 31, 2023, for each of the next five years and thereafter is as follows (in thousands):

2024	\$	31,976
2025		26,274
2026		20,433
2027		16,083
2028		15,677
Thereafter		19,821
	<u>\$</u>	<u>130,264</u>

**(8) Asset Sales**

**2023 Asset Sales**

The Company entered into an agreement in the fourth quarter of fiscal 2022 to sell certain assets. In connection with entering into this agreement, the Company concluded that the asset sale met the held for sale criteria and classified the assets and liabilities as held for sale on the consolidated balance sheet. The Company completed the asset sale during March 2023 for total proceeds of \$4.8 million. In connection with the asset sale, the Company recorded a gain of \$0.3 million which is included in other income (expense), net in the consolidated statement of operations for the year ended December 31, 2023.

Additionally, during the three months ended September 30, 2023, the Company entered into an agreement to sell certain assets. The Company completed the asset sale during October 2023 for proceeds of \$0.2 million and recorded a gain of \$0.3 million which is included in other income (expense), net in the consolidated statement of operations for the year ended December 31, 2023.

**2022 Assets and Liabilities Held for Sale**

The Company entered into an agreement in the fourth quarter of fiscal 2022 to sell certain assets. In connection with entering into this agreement, the Company concluded that the asset sale met the held for sale criteria and classified the assets and liabilities as held for sale.

Assets and liabilities classified as held for sale as of December 31, 2022 were comprised of the following (in thousands):

Accounts receivable	\$	635
Prepaid assets		254
Trade names		184
Customer relationships		5,344
Acquired technology		68
<b>Total assets held for sale</b>	<u>\$</u>	<u>6,485</u>
Accounts payable	\$	53
Accrued expenses		8
Deferred revenue		2,001
<b>Total liabilities held for sale</b>	<u>\$</u>	<u>2,062</u>

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

**(9) Convertible Senior Notes**

**Adoption of ASU 2020-06**

On January 1, 2022, the Company adopted ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity*, which reduced the number of accounting models for convertible instruments by eliminating two of the three models in ASC 470-20, *Debt—Debt with Conversion and Other Options*, that required separate accounting for embedded conversion features, amended the requirements for a contract that is potentially settled in an entity’s own shares to be classified in equity, and amended certain guidance on the computation of earnings per share for convertible instruments and contracts on an entity’s own equity. The Company adopted the standard using the modified retrospective method. Adoption of ASU 2020-06 resulted in an adjustment to convertible senior notes, deferred tax liabilities, additional paid-in capital and accumulated deficit. The Company recognized the cumulative effect of initially applying ASU 2020-06 as an adjustment to the opening balance of accumulated deficit. Comparative information for prior periods has not been restated and continues to be reported under the accounting standards in effect for those periods.

The cumulative effect of the changes made to the Company’s consolidated January 1, 2022 balance sheet for the adoption of ASU 2020-06 was as follows (in thousands):

	Balance at December 31, 2021	Adjustments Due to ASU 2020-06	Balance at January 1, 2022
<b>BALANCE SHEET</b>			
<b>Liabilities and Stockholders’ Equity</b>			
Convertible senior notes, current	\$ 8	\$ —	\$ 8
Convertible senior notes, noncurrent	665,695	142,836	808,531
Deferred tax liabilities	16,082	(4,858)	11,224
Additional paid-in capital	853,664	(185,141)	668,523
Accumulated deficit	(388,112)	47,162	(340,950)

The effect of the Company’s adoption of ASU 2020-06 had a \$1.40 and \$1.18 increase in basic and diluted loss per share, respectively, for the fiscal year ended December 31, 2022.

**0% Convertible Senior Notes Due 2026**

In March 2021, the Company issued \$375.0 million aggregate principal amount of 0% convertible senior notes due 2026 (the “2026 Notes”), including \$50.0 million aggregate principal amount of 2026 Notes issued upon the initial purchasers’ exercise in full of their option to purchase additional 2026 Notes. The 2026 Notes will mature on March 15, 2026, unless earlier redeemed or repurchased by the Company or converted by the holders pursuant to their terms. The Company will pay special interest, if any, at the Company’s election as the sole remedy relating to the failure to comply with certain reporting obligations and under certain circumstances.

The 2026 Notes are governed by an Indenture between the Company, as issuer, and U.S. Bank Trust Company National Association (as successor in interest to U.S. Bank National Association), as trustee (the “2026 Notes Indenture”). The 2026 Notes are unsecured and rank: senior in right of payment to the Company’s indebtedness that is expressly subordinated in right of payment to the 2026 Notes; equal in right of payment to the Company’s existing and future indebtedness that is not so subordinated, including its 0.125% convertible senior notes due 2024 (see 0.125% Convertible Senior Notes Due 2024 below); effectively junior in right of payment to any of the Company’s secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness and other liabilities incurred by the Company’s subsidiaries.

Upon conversion, the Company will pay or deliver, as the case may be, cash, shares of the Company’s common stock or a combination of cash and shares of common stock, at the Company’s election.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

The 2026 Notes have an initial conversion rate of 5.5341 shares of common stock per \$1,000 principal amount of 2026 Notes. This represents an initial effective conversion price of approximately \$180.70 per share of common stock and approximately 2.1 million shares issuable upon conversion. Throughout the term of the 2026 Notes, the conversion rate may be adjusted upon the occurrence of certain events. Holders of the 2026 Notes will not receive any cash payment representing accrued and unpaid special interest, if any, upon conversion of a 2026 Note, except in limited circumstances. Accrued but unpaid special interest, if any, will be deemed to be paid by cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock paid or delivered, as the case may be, to the holder upon conversion of a 2026 Note.

Holders may convert all or a portion of their 2026 Notes prior to the close of business on the business day immediately preceding December 15, 2025, in multiples of \$1,000 principal amount, only under the following circumstances:

- during any calendar quarter commencing after the calendar quarter ending on June 30, 2021 (and only during such calendar quarter), if the last reported sale price of the Company's common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;
- during the five business day period after any ten consecutive trading day period (the "2026 Notes Measurement Period"), in which the "trading price" (as the term is defined in the 2026 Notes Indenture) per \$1,000 principal amount of notes for each trading day of such 2026 Notes Measurement Period was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate on each such trading day;
- if the Company calls such notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date, but only with respect to the notes called (or deemed called) for redemption; or
- upon the occurrence of specified corporate events.

On or after December 15, 2025 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their 2026 Notes at the conversion rate at any time regardless of whether the conditions set forth above have been met.

As of December 31, 2023, the 2026 Notes were not convertible at the option of the debt holder and were classified as long-term on the consolidated balance sheet.

The 2026 Notes are not redeemable by the Company prior to March 20, 2024. The Company may redeem for cash all or any portion of the 2026 Notes, at its option, on or after March 20, 2024 if the last reported sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which the Company provides notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption at a redemption price equal to 100% of the principal amount of the 2026 Notes to be redeemed, plus accrued and unpaid special interest, if any, to, but excluding, the redemption date.

During the year ended December 31, 2023, the Company paid approximately \$64.9 million in cash to repurchase approximately \$74.7 million aggregate principal amount of the 2026 Notes and recognized an extinguishment gain in the amount of \$8.8 million in gain on extinguishment of convertible notes, capped call modification and change in fair value on the consolidated statement of operations during the year ended December 31, 2023.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

Prior to the Company's adoption of ASU 2020-06, based on market data available for publicly traded, senior, unsecured corporate bonds issued by companies in the same industry and with similar maturity, the Company estimated the implied interest rate of its 2026 Notes to be approximately 7.25%, assuming no conversion option. Assumptions used in the estimate represented what market participants would use in pricing the equity component, including market interest rates, credit standing, and yield curves, all of which are defined as Level 2 observable inputs. The estimated implied interest rate was applied to the 2026 Notes, which resulted in a fair value of the liability component of \$269.6 million upon issuance, calculated as the present value of implied future payments based on the \$375.0 million aggregate principal amount. The excess of the principal amount of the liability component over its carrying amount, or the debt discount, was amortized to interest expense over the term of the 2026 Notes. The \$105.4 million difference between the aggregate principal amount of \$375.0 million and the estimated fair value of the liability component was recorded in additional paid-in capital as the 2026 Notes were not considered redeemable.

Prior to the Company's adoption of ASU 2020-06, significant judgment was required in determining the liability component of the related convertible senior notes as well as the balance sheet classification of the elements of the convertible senior notes. The Company accounted for the convertible senior notes as separate liability and equity components, determining the fair value of the respective liability components based on an estimate of the fair value of a similar liability without a conversion option and assigning the residual value to the equity component.

Prior to the Company's adoption of ASU 2020-06, the Company estimated the fair value of the liability component of the convertible senior notes using a discounted cash flow model with a risk adjusted yield for similar debt instruments, absent any embedded conversion feature. In estimating the risk adjusted yield, the Company utilized both an income and market approach. For the income approach, the Company used a convertible bond pricing model, which included several assumptions including volatility and the risk-free rate. For the market approach, the Company performed an evaluation of issuances of convertible debt securities issued by other comparable companies. Additionally, a detailed analysis of the terms of the convertible senior notes transactions was required to determine existence of any derivatives that may require separate mark-to-market accounting under applicable accounting guidance.

Prior to the Company's adoption of ASU 2020-06, in accounting for the transaction costs related to the issuance of the 2026 Notes, the Company allocated the total amount incurred to the liability and equity components based on their estimated relative fair values. Transaction costs attributable to the liability component, totaling \$7.6 million, were being amortized to expense over the term of the 2026 Notes, and transaction costs attributable to the equity component, totaling \$3.0 million, were netted with the equity component in shareholders' equity.

The 2026 Notes consist of the following (in thousands):

	As of December 31,	
	2023	2022
Liability component:		
Principal	\$ 300,276	\$ 375,000
Less: debt discount, net of amortization	(3,715)	(6,763)
Net carrying amount	<u>\$ 296,561</u>	<u>\$ 368,237</u>

The following table sets forth total interest expense recognized related to the 2026 Notes (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Amortization of debt discount and transaction costs	\$ 1,998	\$ 2,112	\$ 15,715

Effective interest rates were 0.6% during both years ended December 31, 2023 and 2022, respectively, and 7.3% during December 31, 2021.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

The fair value of the 2026 Notes, which was determined based on inputs that are observable in the market or that could be derived from, or corroborated with, observable market data, quoted price of the 2026 Notes in an over-the-counter market (Level 2), and carrying value of debt instruments were as follows (in thousands):

	As of December 31,			
	2023		2022	
	Fair Value	Carrying Value	Fair Value	Carrying Value
2026 Notes	\$ 260,114	\$ 296,561	\$ 320,520	\$ 368,237

In connection with the issuance of the 2026 Notes, the Company entered into capped call transactions with certain option counterparties. The capped call transactions are expected generally to reduce potential dilution to the Company's common stock upon any conversion of the 2026 Notes and/or offset any cash payments the Company is required to make in excess of the principal amount of converted 2026 Notes, as the case may be, with such reduction and/or offset subject to a cap. Under the capped call transactions, the Company purchased capped call options that in the aggregate relate to the total number of shares of the Company's common stock underlying the 2026 Notes, with an initial strike price of approximately \$180.70 per share, which corresponds to the initial conversion price of the 2026 Notes and is subject to anti-dilution adjustments substantially similar to those applicable to the conversion rate of the 2026 Notes, and with a cap price of approximately \$258.14. The cost of the purchased capped calls of \$35.1 million was recorded to shareholders' equity and will not be re-measured.

Based on the closing price of the Company's common stock of \$24.31 on December 31, 2023, the if-converted value of the 2026 Notes was less than their respective principal amounts.

***0.125% Convertible Senior Notes Due 2024***

In December 2019, the Company issued \$450.0 million aggregate principal amount of 0.125% convertible senior notes due 2024 (the "2024 Notes"), including \$75.0 million aggregate principal amount of 2024 Notes issued upon the initial purchasers' exercise in full of their option to purchase additional 2024 Notes. The 2024 Notes will mature on December 15, 2024, unless earlier redeemed or repurchased by the Company or converted by the holders pursuant to their terms. Interest is payable semiannually in arrears on June 15 and December 15 of each year, commencing on June 15, 2020.

The 2024 Notes are governed by an Indenture between the Company, as issuer, and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association), as trustee (the "2024 Notes Indenture"). The 2024 Notes are unsecured and rank: senior in right of payment to the Company's indebtedness that is expressly subordinated in right of payment to the 2024 Notes; equal in right of payment to the Company's existing and future indebtedness that is not so subordinated, including its 2026 Notes; effectively junior in right of payment to any of the Company's secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness and other liabilities incurred by the Company's subsidiaries.

Upon conversion, the Company will pay or deliver, as the case may be, cash, shares of the Company's common stock or a combination of cash and shares of common stock, at the Company's election. The Company's current intention is to settle the conversion in shares of common stock if a conversion were to occur.

The 2024 Notes have an initial conversion rate of 8.8999 shares of common stock per \$1,000 principal amount of 2024 Notes. This represents an initial effective conversion price of approximately \$112.36 per share of common stock and approximately 4.0 million shares issuable upon conversion. Throughout the term of the 2024 Notes, the conversion rate may be adjusted upon the occurrence of certain events. Holders of the 2024 Notes will not receive any cash payment representing accrued and unpaid interest, if any, upon conversion of a 2024 Note, except in limited circumstances. Accrued but unpaid interest will be deemed to be paid by cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock paid or delivered, as the case may be, to the holder upon conversion of a 2024 Note.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

Holders may convert all or a portion of their 2024 Notes prior to the close of business on the business day immediately preceding June 15, 2024, in multiples of \$1,000 principal amount, only under the following circumstances:

- during any calendar quarter commencing after the calendar quarter ending on March 31, 2020 (and only during such calendar quarter), if the last reported sale price of the Company's common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;
- during the five business day period after any ten consecutive trading day period (the "2024 Notes Measurement Period"), in which the "trading price" (as the term is defined in the 2024 Notes Indenture) per \$1,000 principal amount of notes for each trading day of such 2024 Notes Measurement Period was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate on each such trading day;
- if the Company calls such notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date; or
- upon the occurrence of specified corporate events.

On or after June 15, 2024 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their 2024 Notes at the conversion rate at any time regardless of whether the conditions set forth above have been met.

As of December 31, 2023, the 2024 Notes were not convertible at the option of the debt holder and are classified as current liabilities on the consolidated balance sheet as the 2024 Notes mature in less than 12 months.

The 2024 Notes were not redeemable by the Company prior to December 20, 2022. The Company may redeem for cash all or any portion of the 2024 Notes, at its option, on or after December 20, 2022 if the last reported sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which the Company provides notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption at a redemption price equal to 100% of the principal amount of the 2024 Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

During the year ended December 31, 2023, the Company paid approximately \$65.7 million in cash to repurchase approximately \$70.1 million aggregate principal amount of the 2024 Notes and recognized an extinguishment gain in the amount of \$3.9 million in gain on extinguishment of convertible notes, capped call modification and change in fair value on the consolidated statement of operations during the year ended December 31, 2023. The Company also partially terminated capped call options entered into in connection with the 2024 Notes during the year ended December 31, 2023 and received approximately \$33 thousand recorded to additional paid-in capital on the consolidated balance sheet.

During the year ended December 31, 2022, the Company paid approximately \$288.8 million in cash to repurchase approximately \$316.4 million aggregate principal amount of the 2024 Notes and recognized an extinguishment gain in the amount of \$24.0 million in gain on extinguishment of convertible notes, capped call modification and change in fair value on the consolidated statement of operations during the year ended December 31, 2022.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

Prior to the Company's adoption of ASU 2020-06, based on market data available for publicly traded, senior, unsecured corporate bonds issued by companies in the same industry and with similar maturity, the Company estimated the implied interest rate of its 2024 Notes to be approximately 5.16%, assuming no conversion option. Assumptions used in the estimate represented what market participants would use in pricing the equity component, including market interest rates, credit standing, and yield curves, all of which are defined as Level 2 observable inputs. The estimated implied interest rate was applied to the 2024 Notes, which resulted in a fair value of the liability component of \$360.4 million upon issuance, calculated as the present value of implied future payments based on the \$450.0 million aggregate principal amount. The excess of the principal amount of the liability component over its carrying amount, or the debt discount, was amortized to interest expense over the term of the 2024 Notes. The \$89.6 million difference between the aggregate principal amount of \$450.0 million and the estimated fair value of the liability component was recorded in additional paid-in capital as the 2024 Notes were not considered redeemable.

Prior to the Company's adoption of ASU 2020-06, significant judgment was required in determining the liability component of the related convertible senior notes as well as the balance sheet classification of the elements of the convertible senior notes. The Company accounted for the convertible senior notes as separate liability and equity components, determining the fair value of the respective liability components based on an estimate of the fair value of a similar liability without a conversion option and assigning the residual value to the equity component.

Prior to the Company's adoption of ASU 2020-06, the Company estimated the fair value of the liability component of the convertible senior notes using a discounted cash flow model with a risk adjusted yield for similar debt instruments, absent any embedded conversion feature. In estimating the risk adjusted yield, the Company utilized both an income and market approach. For the income approach, the Company used a convertible bond pricing model, which included several assumptions including volatility and the risk-free rate. For the market approach, the Company performed an evaluation of issuances of convertible debt securities issued by other comparable companies. Additionally, a detailed analysis of the terms of the convertible senior notes transactions was required to determine existence of any derivatives that may require separate mark-to-market accounting under applicable accounting guidance.

Prior to the Company's adoption of ASU 2020-06, in accounting for the transaction costs related to the issuance of the 2024 Notes, the Company allocated the total amount incurred to the liability and equity components based on their estimated relative fair values. Transaction costs attributable to the liability component, totaling \$10.2 million, were being amortized to expense over the term of the 2024 Notes, and transaction costs attributable to the equity component, totaling \$2.6 million, were netted with the equity component in shareholders' equity.

The 2024 Notes consist of the following (in thousands):

	As of December 31,	
	2023	2022
Liability component:		
Principal	\$ 63,459	\$ 133,558
Less: debt discount, net of amortization	(349)	(1,497)
Net carrying amount	<u>\$ 63,110</u>	<u>\$ 132,061</u>

The following table sets forth total interest expense recognized related to the 2024 Notes (in thousands):

	Year Ended December 31,		
	2023	2022	2021
0.125% coupon	\$ 142	\$ 539	\$ 562
Amortization of debt discount and transaction costs	642	2,449	18,924
	<u>\$ 784</u>	<u>\$ 2,988</u>	<u>\$ 19,486</u>

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

Effective interest rates were 0.7% during both years ended December 31, 2023 and 2022, respectively, and 5.2% during December 31, 2021.

The fair value of the 2024 Notes, which was determined based on inputs that are observable in the market or that could be derived from, or corroborated with, observable market data, quoted price of the 2024 Notes in an over-the-counter market (Level 2), and carrying value of debt instruments were as follows (in thousands):

	As of December 31,			
	2023		2022	
	Fair Value	Carrying Value	Fair Value	Carrying Value
2024 Notes	\$ 58,670	\$ 63,110	\$ 118,199	\$ 132,061

In connection with the issuance of the 2024 Notes, the Company entered into capped call transactions with certain option counterparties. The capped call transactions are expected generally to reduce potential dilution to the Company's common stock upon any conversion of the 2024 Notes and/or offset any cash payments the Company is required to make in excess of the principal amount of converted 2024 Notes, as the case may be, with such reduction and/or offset subject to a cap. Under the capped call transactions, the Company purchased capped call options that in the aggregate relate to the total number of shares of the Company's common stock underlying the 2024 Notes, with an initial strike price of approximately \$112.36 per share, which corresponds to the initial conversion price of the 2024 Notes and is subject to anti-dilution adjustments substantially similar to those applicable to the conversion rate of the 2024 Notes, and with a cap price of approximately \$166.46. The cost of the purchased capped calls of \$44.9 million was recorded to shareholders' equity and will not be re-measured.

Based on the closing price of the Company's common stock of \$24.31 on December 31, 2023, the if-converted value of the 2024 Notes was less than their respective principal amounts.

**1.50% Convertible Senior Notes Due 2022**

In November 2017, the Company issued \$115.0 million aggregate principal amount of 1.50% convertible senior notes due 2022 (the "2022 Notes") including \$15.0 million aggregate principal amount of 2022 Notes issued upon the initial purchasers' exercise in full of their option to purchase additional 2022 Notes. The 2022 Notes matured on November 1, 2022. Interest was payable semiannually in arrears on May 1 and November 1 of each year, commencing on May 1, 2018.

In connection with the issuance of the 2024 Notes in December 2019, the Company paid \$57.8 million to repurchase \$23.0 million aggregate principal amount of the 2022 Notes. The Company determined the fair value of the liability portion being extinguished immediately prior to extinguishment. Based on market data available for publicly traded, senior, unsecured corporate bonds issued by companies in the same industry and with similar maturity, the Company estimated the implied interest rate of its 2022 Notes to be approximately 4.64%. The fair value of such liability portion was then deducted from the amount of consideration transferred and allocated to the liability component. The difference between the fair value of the liability and its carrying value, inclusive of any unamortized debt issue costs, was recognized as an extinguishment loss in the amount of \$1.4 million in loss on extinguishment of convertible notes on the consolidated statement of operations and comprehensive loss during the year ended December 31, 2019. The remaining consideration was allocated to the reacquisition of the equity component and recognized as a reduction of additional paid-in capital on the consolidated balance sheet in the amount of \$36.7 million. The Company also partially terminated capped call options entered into in connection with the 2022 Notes during fiscal year 2019 and received \$5.8 million recorded to additional paid-in capital on the consolidated balance sheet.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

During the year ended December 31, 2020, the Company issued 362,029 shares upon the conversion of approximately \$12.2 million in aggregate principal amount of the 2022 Notes and recognized \$11.4 million in additional paid-in capital on the consolidated balance sheet related to shares issued. The Company determined the fair value of the liability portion being extinguished immediately prior to extinguishment. Based on market data available for publicly traded, senior, unsecured corporate bonds issued by companies in the same industry and with similar maturity, the Company estimated the implied interest rate of its 2022 Notes ranged from approximately 4.64% to 5.13%. The fair value of such liability portion was then deducted from the amount of consideration transferred and allocated to the liability component. The difference between the fair value of the liability and its carrying value, inclusive of any unamortized debt issue costs, were recognized as an extinguishment loss in the amount of \$0.4 million in loss on extinguishment of convertible notes on the consolidated statement of operations and comprehensive loss during the year ended December 31, 2020.

During the year ended December 31, 2021, the Company issued 627,212 shares upon the conversion of approximately \$21.1 million in aggregate principal amount of the 2022 Notes and recognized \$19.8 million in additional paid-in capital on the consolidated balance sheet related to shares issued. The Company determined the fair value of the liability portion being extinguished immediately prior to extinguishment. Based on market data available for publicly traded, senior, unsecured corporate bonds issued by companies in the same industry and with similar maturity, the Company estimated the implied interest rate of its 2022 Notes ranged from approximately 4.87% to 5.13%. The fair value of such liability portion was then deducted from the amount of consideration transferred and allocated to the liability component. The difference between the fair value of the liability and its carrying value, inclusive of any unamortized debt issue costs, was recognized as an extinguishment loss in the amount of \$0.5 million in loss on extinguishment of convertible notes and capped call modification on the consolidated statement of operations during the year ended December 31, 2021.

In connection with the issuance of the 2026 Notes in March 2021, the Company paid approximately \$58.6 million in cash and issued 1,288,994 shares of common stock to repurchase approximately \$58.6 million aggregate principal amount of the 2022 Notes. The Company determined the fair value of the liability portion being extinguished immediately prior to extinguishment. Based on market data available for publicly traded, senior, unsecured corporate bonds issued by companies in the same industry and with similar maturity, the Company estimated the implied interest rate of its 2022 Notes to be approximately 4.87%. The fair value of such liability portion was then deducted from the amount of consideration transferred and allocated to the liability component. The difference between the fair value of the liability and its carrying value, inclusive of any unamortized debt issue costs, was recognized as an extinguishment loss in the amount of \$2.2 million in loss on extinguishment of convertible notes and capped call modification on the consolidated statement of operations during the year ended December 31, 2021. The remaining consideration was allocated to the reacquisition of the equity component and recognized as a reduction of additional paid-in capital on the consolidated balance sheet in the amount of \$2.7 million. The Company also partially terminated capped call options entered into in connection with the 2022 Notes in March 2021 and received \$10.6 million recorded to additional paid-in capital on the consolidated balance sheet and modified a capped call option agreement entered into in connection with the 2022 Notes and recognized modification expense of \$0.2 million in loss on extinguishment of convertible notes and capped call modification on the consolidated statement of operations and additional paid-in capital on the consolidated balance sheet.

In November 2022, the Company settled the \$8 thousand aggregate principal amount of the 2022 Notes at maturity.

Prior to the Company's adoption of ASU 2020-06, based on market data available for publicly traded, senior, unsecured corporate bonds issued by companies in the same industry and with similar maturity, the Company estimated the implied interest rate of its 2022 Notes at the time of issuance to be approximately 6.93%, assuming no conversion option. Assumptions used in the estimate represented what market participants would use in pricing the equity component, including market interest rates, credit standing, and yield curves, all of which are defined as Level 2 observable inputs. The estimated implied interest rate was applied to the 2022 Notes, which resulted in a fair value of the liability component of \$92.1 million upon issuance, calculated as the present value of implied future payments based on the \$115.0 million aggregate principal amount. The excess of the principal amount of the liability component over its carrying amount, or the debt discount, was amortized to interest expense over the term of the 2022 Notes. The \$22.9 million difference between the aggregate principal amount of \$115.0 million and the estimated fair value of the liability component was recorded in additional paid-in capital as the 2022 Notes were not considered redeemable.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

Prior to the Company's adoption of ASU 2020-06, in accounting for the transaction costs related to the issuance of the 2022 Notes, the Company allocated the total amount incurred to the liability and equity components based on their estimated relative fair values.

The following table sets forth total interest expense recognized related to the 2022 Notes (in thousands):

	<b>Year Ended December 31, 2021</b>	
1.50% coupon	\$	110
Amortization of debt discount and transaction costs		632
	<u>\$</u>	<u>742</u>

Effective interest rates were 2.2% and 6.9% during the years ended December 31, 2022 and 2021, respectively.

In connection with the issuance of the 2022 Notes, the Company entered into capped call transactions with certain option counterparties. The capped call transactions were expected generally to reduce potential dilution to the Company's common stock upon any conversion of the 2022 Notes and/or offset any cash payments the Company was required to make in excess of the principal amount of converted 2022 Notes, as the case may be, with such reduction and/or offset subject to a cap. Under the capped call transactions, the Company purchased capped call options that in the aggregate relate to the total number of shares of the Company's common stock underlying the 2022 Notes, with an initial strike price of approximately \$33.71 per share, which corresponded to the initial conversion price of the 2022 Notes and was subject to anti-dilution adjustments substantially similar to those applicable to the conversion rate of the 2022 Notes, and had a cap price of approximately \$47.20. The cost of the purchased capped calls of \$12.9 million was recorded to shareholders' equity and was not re-measured. During the three months ended March 31, 2021, the Company amended one of the capped call agreements to reduce the cap price to \$46.68 and recognized modification expense of \$0.2 million in gain on extinguishment of convertible notes, capped call modification and change in fair value on the consolidated statement of operations.

In September 2022, the Company modified certain capped call agreements to elect cash settlement as the final settlement method of the capped call options with two of the counterparties. Management analyzed the capped call options to be settled in cash for derivative accounting consideration under ASC 815, *Derivatives and Hedging*, and determined that they qualify for derivative accounting. In September 2022, the Company reclassified the fair value of the capped call options to be settled in cash of \$6.1 million from additional paid-in capital to other current assets on the consolidated balance sheet. The asset was remeasured through the settlement date. See Note 6 for details on the fair value measurement of the capped call options which were settled in cash. The remaining capped call options which did not require cash settlement were not re-measured. In November 2022, the Company received \$1.3 million in cash and 22,914 in the Company's shares as final settlement of the capped call options.

***Future Maturities of Debt Obligations***

The following table summarizes the Company's debt obligations at December 31, 2023 (in thousands):

	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>Total</u>
Debt obligations	\$ 63,459	\$ —	\$ 300,276	\$ 363,735

Debt obligations include the principal amount of the 2026 Notes and 2024 Notes but exclude interest payments to be made under the 2026 Notes and 2024 Notes. Although the 2026 Notes and 2024 Notes mature in 2026 and 2024, respectively, they can be converted into cash and/or shares of the Company's common stock prior to maturity if certain conditions are met. Any conversion prior to maturity can result in repayments of the principal amounts sooner than the scheduled repayments as indicated in the table. The 2026 Notes and 2024 Notes balance excludes debt discount capitalized on the balance sheet.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

**(10) Stockholders' Equity**

***Preferred Stock***

As of December 31, 2023, the Company had authorized 10,000,000 shares of preferred stock, par value \$0.001, of which no shares were outstanding.

***Common Stock***

As of December 31, 2023, the Company had authorized 100,000,000 shares of common stock, par value \$0.001. Holders of the Company's common stock are entitled to one vote per share. At December 31, 2023 and 2022, there were 41,199,583 and 40,127,522 shares of common stock issued and outstanding, respectively.

**(11) Stock Plans and Stock-Based Compensation**

The Company's 2016 Equity Incentive Plan (the "2016 Plan"), became effective on September 15, 2016. The 2016 Plan provides for the grant of incentive stock options, non-qualified stock options, restricted stock awards, restricted stock unit awards, stock appreciation rights and performance share awards to employees, directors and consultants of the Company. The number of shares of common stock reserved for issuance under the 2016 Plan will automatically increase on January 1 of each year by 3% of the number of shares of the Company's capital stock outstanding on the immediately preceding December 31, or such lesser number of shares as determined by the Company's Board of Directors (the "Board").

On December 16, 2022, the Board adopted the Everbridge, Inc. 2022 Inducement Plan (the "2022 Inducement Plan"). The 2022 Inducement Plan was adopted without stockholder approval pursuant to Nasdaq Listing Rule 5635(c)(4) and will be administered by the Compensation Committee of the Board (the "Committee"). The Board reserved 600,000 shares of Common Stock for issuance under the 2022 Inducement Plan. The only persons eligible to receive grants of Inducement Awards (as defined below) under the 2022 Inducement Plan are individuals who satisfy the standards for inducement grants under Nasdaq Listing Rule 5635(c)(4). Inducement Awards may only be granted by: (i) the Committee, provided such committee is comprised solely of "independent directors" (as defined by Nasdaq Listing Rule 5605(a)(2)) or (ii) a majority of the Company's "independent directors." An "Inducement Award" means any right to receive Common Stock, cash or other property granted under the 2022 Inducement Plan (including nonstatutory stock options, restricted stock awards, restricted stock unit awards, stock appreciation rights, performance stock awards, performance cash awards or other stock-based awards). The Board also adopted a (i) form of stock option grant notice, option agreement, and notice of exercise (the "Inducement Option Grant Package") and (ii) form of restricted stock unit award grant notice and award agreement (the "Inducement RSU Grant Package") for use under the 2022 Inducement Plan.

***2016 Employee Stock Purchase Plan***

The Company's Employee Stock Purchase Plan (the "2016 ESPP") became effective on September 15, 2016. The number of shares reserved for issuance under the 2016 ESPP will automatically increase on January 1 of each year by the lesser of 200,000 shares of the Company's common stock, 1% of the number of shares of the Company's common stock outstanding on the immediately preceding December 31, or such lesser number of shares as determined by the Company's Board.

The 2016 ESPP allows eligible employees to purchase shares of the Company's common stock at a discount of up to 15% through payroll deductions of their eligible compensation, subject to any plan limitations. The 2016 ESPP provides for separate six-month offering periods beginning each March and September of each fiscal year.

On each purchase date, eligible employees will purchase the Company's stock at a price per share equal to 85% of the lesser of (i) the fair market value of the Company's common stock on the offering date or (ii) the fair market value of the Company's common stock on the purchase date.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

For the years ended December 31, 2023, 2022 and 2021, 172,122, 105,696, and 41,164 shares of common stock, respectively, were purchased under the 2016 ESPP. As of December 31, 2023, 2022 and 2021, total recognized compensation cost was \$1.5 million, \$1.7 million, and \$1.8 million, respectively. As of December 31, 2023, unrecognized compensation cost related to the 2016 ESPP was \$0.2 million which will be amortized over a weighted-average period of 0.17 years.

The fair value of shares issuable under the 2016 ESPP is determined using the Black-Scholes option pricing model with the following weighted-average assumptions:

	Year Ended December 31,		
	2023	2022	2021
<b>Employee Stock Purchase Plan:</b>			
Expected term (in years) <sup>(1)</sup>	0.50	0.50	0.50
Expected volatility <sup>(2)</sup>	50% - 60%	65% - 70%	45% - 60%
Risk-free interest rate <sup>(3)</sup>	5.18% - 5.51%	0.86% - 3.33%	0.05% - 0.06%
Dividend rate <sup>(4)</sup>	0%	0%	0%

(1) The expected term represents the contractual term of the 2016 ESPP;

(2) The expected volatility of the Company's common stock on the date of grant is based on the weighted average of the Company's historical volatility as a public company, the implied volatility of publicly-traded options on the Company's common stock and the volatilities of publicly traded peer companies that are reasonably comparable to the Company's own operations;

(3) The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for zero coupon U.S. Treasury notes with maturities approximately equal to the expected term of the grant; and

(4) The expected dividend yield is assumed to be zero as the Company has never paid dividends and has no current plans to pay any dividends on the Company's common stock.

**Stock Options**

Stock option awards are granted with an exercise price equal to the fair market value of the Company's common stock at the date of grant based on the closing market price of its common stock as reported on The Nasdaq Global Market. The option awards generally vest over four years and are exercisable any time after vesting. The stock options expire ten years after the date of grant.

There were no stock options granted during the years ended December 31, 2023 and 2022. There was no stock-based compensation expense recorded during the year ended December 31, 2023 as stock options were fully vested. The Company recorded stock-based compensation expense of \$0.1 million and \$1.2 million for the years ended December 31, 2022 and 2021, respectively, attributed to stock options.

The total intrinsic value of options exercised during the years ended December 31, 2023, 2022 and 2021 was \$1.1 million, \$0.2 million and \$12.7 million, respectively. This intrinsic value represents the difference between the fair market value of the Company's common stock on the date of exercise and the exercise price of each option. Based on the fair market value of the Company's common stock at December 31, 2023, 2022 and 2021 the total intrinsic value of all outstanding options was \$0.1 million, \$1.2 million and \$6.9 million, respectively.

There was no unrecognized compensation cost related to nonvested stock options as of December 31, 2023. The amount of cash received from the exercise of stock options during the years ended December 31, 2023, 2022 and 2021 was \$1.3 million, \$0.1 million, and \$3.1 million, respectively.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

The following table summarizes the Company's stock option activity:

	Stock options outstanding	Weighted average exercise price
Outstanding at December 31, 2022	142,202	\$ 23.89
Exercised	(75,457)	17.48
Forfeited	(2,875)	37.98
Outstanding at December 31, 2023	63,870	30.83

Stock options outstanding, vested and expected to vest and exercisable are as follows:

	As of December 31, 2023		
	Number of shares	Remaining contractual life (years)	Weighted- average exercise price
Outstanding and exercisable	63,870	3.70	\$ 30.83

**Restricted Stock Units**

During the year ended December 31, 2023, the Company granted 1,287,497 RSUs to members of its senior management and certain other employees pursuant to the 2016 Plan and the 2022 Inducement Plan. There were 1,030,843 RSUs that vested during the year ended December 31, 2023. The Company accounts for RSUs issued to employees at fair value, based on the market price of the Company's common stock on the date of grant. The weighted-average grant date fair values of RSUs granted during the years ended December 31, 2023, 2022 and 2021 were \$30.21, \$39.51 and \$124.00, respectively. The fair values of RSUs that vested during the years ended December 31, 2023, 2022 and 2021, were \$48.5 million, \$44.9 million and \$25.6 million, respectively. During the years ended December 31, 2023, 2022 and 2021, the Company recorded \$43.6 million, \$40.9 million, and \$28.1 million respectively, of stock-based compensation related to the RSUs.

As of December 31, 2023, there was \$64.7 million of unrecognized compensation expense related to unvested RSUs which is expected to be recognized over a weighted-average period of approximately 1.92 years. For RSUs subject to graded vesting, the Company recognizes compensation cost on a straight-line basis over the service period for the entire award.

**Performance-Based Restricted Stock Units**

On February 9, 2022, the Compensation Committee of the Company's Board of Directors approved a modification to the performance thresholds of the Company's PSU awards which affected 785 grantees and excluded our Named Executive Officers for 2021. The modified PSUs vest based on the Company achieving certain revenue growth thresholds which range from 1% to 40% compounded annual growth over the measurement period. For the portion of the PSUs where the expectation of the achievement of performance conditions changed from improbable prior to the modification to probable post-modification, the Company accounted for this change as a Type III modification under ASC 718, *Compensation—Stock Compensation*. The modification date fair value for the PSUs was \$55.31. As of the modification date, total incremental stock-based compensation expense was \$17.5 million which will be recognized over the remaining service periods of the PSU less subsequent forfeitures.

Starting in 2023, PSU grants vest based on the achievement of pre-determined performance-based milestones including annual recurring revenue growth thresholds and adjusted earnings before interest, taxes, depreciation and amortization thresholds, as well as the employee's continued employment with the Company through the date of achievement; through 2022 PSU grants vest based on revenue growth thresholds as well as the employee's continued employment with the Company through the date of achievement. The measurement periods for PSUs are two and three years with awards vesting after each measurement period. PSUs contain minimum, target and maximum milestones for each performance-based milestone. The number of shares of common stock to be issued at vesting will range from zero to 125% of the target number of PSUs starting in 2023 and from zero to 150% of the target number of PSUs through 2022.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

During the year ended December 31, 2023, the Company granted 337,639 PSUs to members of its management pursuant to the 2016 Plan and the 2022 Inducement Plan. There were 92,834 PSUs that vested during the year ended December 31, 2023. During the year ended December 31, 2023, the share price of the Company's common stock on the date of issuance of the PSUs ranged from \$32.31 to \$34.13 per share. The fair value is based on the value of the Company's common stock at the date of issuance and the probability of achieving the performance metric. Compensation cost is adjusted in future periods for subsequent changes in the expected outcome of the performance related conditions. The weighted-average grant date fair value of PSUs granted during the years ended December 31, 2023, 2022 and 2021 was \$34.09, \$35.27 and \$123.94, respectively. For the years ended December 31, 2023, 2022 and 2021, the Company recognized \$4.0 million, \$4.7 million and \$13.0 million, respectively, of stock compensation expense in connection with the PSU awards.

As of December 31, 2023, there was \$5.3 million of unrecognized compensation expense related to unvested PSUs which is expected to be recognized over a weighted-average period of approximately 1.50 years. Compensation cost is recognized under the accelerated method and is adjusted in future periods for subsequent changes in the expected outcome of the performance related conditions.

The following table summarizes the Company's RSU and PSU activity:

	<b>Number of Shares</b>
Outstanding at December 31, 2022	3,233,298
Granted	1,625,148
Vested	(1,123,677)
Forfeited	(664,865)
Outstanding at December 31, 2023	3,069,904

During the years ended December 31, 2023 and 2022, there were no windfall tax benefits recognized for the tax deductions from stock options exercised or RSU and PSU awards vested as such tax deductions did not exceed the related stock compensation expense recorded for book purposes. During the year ended December 31, 2021, there were no tax benefits recognized for the tax deductions from stock options exercised or RSU and PSU award vested as tax windfall benefits increased the NOLs which were analyzed for a valuation allowance along with the Company's other deferred tax assets.

***Market-Based Grants***

During the three months ended March 31, 2022, the Company issued market-based grants, which were payable in cash to partially settle a vendor contract. Vesting was contingent upon the achievement of pre-determined market and service conditions. Cash payment at settlement ranged from zero to approximately \$1.3 million based on the Company's total stockholder return ("TSR") relative to the performance of peer companies through September 2023. The market-based grants were classified as a liability on the Company's balance sheet and were remeasured at each reporting period until settlement. Cash payment determined as of the settlement date in September 2023 was zero. Fair value of the market-based grants as of December 31, 2022 was \$0.2 million. During the years ended December 31, 2023 and 2022, the Company recognized a stock compensation credit of \$0.2 million and a stock compensation expense of \$0.2 million, respectively, in connection with these awards.

Prior to vesting in September 2023, fair value of the market-based grants was determined using the Monte-Carlo simulation with the following assumptions:

	<b>Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Market-Based Grants:</b>		
Expected term (in years)	0.23 - 0.48	0.73 - 1.50
Expected volatility	51% - 57%	58% - 71%
Risk-free interest rate	4.88% - 5.35%	1.97% - 4.69%
Dividend rate	0%	0%

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

**Stock-Based Compensation Expense**

The Company recorded the total stock-based compensation expense as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Cost of revenue	\$ 6,171	\$ 5,468	\$ 3,678
Sales and marketing	17,313	15,917	15,936
Research and development	12,225	9,967	8,717
General and administrative	13,180	16,268	15,764
<b>Total</b>	<b>\$ 48,889</b>	<b>\$ 47,620</b>	<b>\$ 44,095</b>

Stock-based compensation expense is recognized over the award's expected vesting schedule, which is reduced for forfeitures.

**(12) Basic and Diluted Net Loss per Share**

The following table summarizes the computations of basic net loss per share and diluted net loss per share. Basic net loss per share is computed by dividing net loss by the weighted-average number of shares of common stock outstanding during the period. Diluted net loss per share is computed by giving effect to all potential dilutive shares of common stock. The Company uses the if-converted method for convertible senior notes for calculating any potential dilutive effect on diluted net loss per share. (In thousands, except share and per share data)

	Year Ended December 31,		
	2023	2022	2021
Net loss	\$ (47,305)	\$ (61,174)	\$ (94,796)
Dilutive effect of convertible notes, net of tax	(9,682)	(18,890)	—
<b>Adjusted net loss</b>	<b>\$ (56,987)</b>	<b>\$ (80,064)</b>	<b>\$ (94,796)</b>
Weighted-average common stock outstanding — basic	40,668,327	39,680,440	37,962,793
Dilutive potential common shares related to convertible notes	2,954,014	5,903,019	—
<b>Weighted-average common stock outstanding — diluted</b>	<b>43,622,341</b>	<b>45,583,459</b>	<b>37,962,793</b>
Basic net loss per share	\$ (1.16)	\$ (1.54)	\$ (2.50)
Diluted net loss per share	\$ (1.31)	\$ (1.76)	\$ (2.50)

The following common equivalent shares were excluded from the diluted net loss per share calculation because their inclusion would have been anti-dilutive:

	Year Ended December 31,		
	2023	2022	2021
Convertible senior notes	—	—	6,080,480
Stock-based compensation grants	3,133,774	3,375,500	1,737,478
<b>Total</b>	<b>3,133,774</b>	<b>3,375,500</b>	<b>7,817,958</b>

In connection with the issuance of the 2026 Notes in March 2021, the Company paid \$35.1 million to enter into capped call option agreements to reduce the potential dilution to holders of the Company's common stock upon conversion of the 2026 Notes. In connection with the issuance of the 2024 Notes in December 2019, the Company paid \$44.9 million to enter into capped call option agreements to reduce the potential dilution to holders of the Company's common stock upon conversion of the 2024 Notes. In connection with the issuance of the 2022 Notes in November 2017, the Company paid \$12.9 million to enter into capped call option agreements to reduce the potential dilution to holders of the Company's common stock upon conversion of the 2022 Notes. The capped call option agreements are excluded from the calculation of diluted net loss per share attributable to common stockholders as their effect is antidilutive.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

In March 2021 and December 2019, the Company partially terminated capped call options related to the 2022 Notes and received \$10.6 million and \$5.8 million, respectively. In March 2021, the Company also modified a capped call agreement entered into in connection with the 2022 Notes and recognized modification expense of \$0.2 million in gain on extinguishment of convertible notes, capped call modification and change in fair value on the consolidated statement of operations. In November 2022, the Company received \$1.3 million in cash and 22,914 in the Company's shares as final settlement of the capped call options. In December 2023, the Company partially terminated capped call options related to the 2024 Notes and received \$33 thousand.

**Reserve for Unissued Shares of Common Stock**

The Company is required to reserve and keep available out of its authorized but unissued shares of common stock such number of shares sufficient for the exercise of all shares granted and available for grant under the Company's 2008 Equity Incentive Plan, 2016 Plan, 2016 ESPP and 2022 Inducement Plan. The amount of such shares of the Company's common stock reserved for these purposes at December 31, 2023 was 7.0 million shares. Additionally, the Company is required to reserve and keep available out of its authorized but unissued shares of common stock shares that become issuable pursuant to the terms of the 2026 Notes and 2024 Notes.

**(13) Income Taxes**

The components of loss before income taxes are as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Domestic	\$ (12,682)	\$ (30,297)	\$ (90,584)
Foreign	(30,915)	(33,275)	(16,791)
Total	<u>\$ (43,597)</u>	<u>\$ (63,572)</u>	<u>\$ (107,375)</u>

For purposes of reconciling the Company's provision for income taxes at the statutory rate and the Company's provision (benefit) for income taxes at the effective tax rate, a notional 21% tax rate was applied as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Income tax at federal statutory rate	\$ (9,155)	\$ (13,350)	\$ (22,549)
Increase (decrease) in tax resulting from:			
State income tax expense, net of federal tax effect	1,823	658	(5,018)
Nondeductible permanent items	190	1,169	(87)
Accrued legal dispute	5,250	—	—
Executive compensation	746	746	4,885
Global Intangible Low-Taxed Income	—	3,055	—
Foreign rate differential	(344)	(638)	(1,060)
Gain on extinguishment of debt	—	—	(2,123)
Research and development tax credits	(749)	—	—
Adoption of ASU 2020-06	—	(70,503)	—
Tax rate change	(12)	(3)	(1,039)
Adjustment to deferred taxes	(9,425)	1,980	817
Change in valuation allowance	8,246	67,450	23,262
Uncertain tax positions	—	(423)	165
Nonqualified stock option and performance award shortfall (windfall) upon exercise	7,482	7,745	(9,352)
Other	(344)	(284)	(480)
Total	<u>\$ 3,708</u>	<u>\$ (2,398)</u>	<u>\$ (12,579)</u>

The difference between the statutory federal income tax rate and the Company's effective tax rate in 2023, 2022 and 2021 is primarily attributable to the effect of state income taxes, difference between the U.S. and foreign tax rates, non-deductible officer compensation, share-based compensation, true up of deferred taxes, other non-deductible permanent items, and change in valuation allowance. In addition, the Company's foreign subsidiaries are subject to varied applicable statutory income tax rates for the periods presented.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

The provision for (benefit from) income taxes is as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
<b>Current:</b>			
Federal	\$ 253	\$ 129	\$ 67
State	1,352	395	49
Foreign	4,073	2,151	212
	<u>5,678</u>	<u>2,675</u>	<u>328</u>
<b>Deferred:</b>			
Federal	(227)	(48,545)	(20,181)
State	(745)	(17,404)	(7,634)
Foreign	(9,244)	(6,574)	(8,354)
	<u>(10,216)</u>	<u>(72,523)</u>	<u>(36,169)</u>
Change in valuation allowance	8,246	67,450	23,262
Total	<u>\$ 3,708</u>	<u>\$ (2,398)</u>	<u>\$ (12,579)</u>

The net deferred tax assets (liabilities) are comprised of the following (in thousands):

	As of December 31,	
	2023	2022
<b>Deferred tax assets</b>		
Lease liability	\$ 5,022	\$ 6,094
Tax credits	3,091	185
Accrued expenses	3,312	3,222
Deferred revenue	1,298	1,800
NOL carryforward	91,257	94,817
Other assets	5,227	7,119
Property and equipment	180	—
Intangible assets	28,988	22,843
Valuation allowance	(93,988)	(85,392)
Total net deferred tax assets	<u>44,387</u>	<u>50,688</u>
<b>Deferred tax liabilities</b>		
Deferred commissions	(9,095)	(7,193)
Intangible assets	(35,943)	(44,568)
Property and equipment	—	(550)
Right-of-use asset	(3,668)	(4,609)
Other	1	(4)
Total deferred tax liabilities	<u>(48,705)</u>	<u>(56,924)</u>
Total deferred income tax liabilities	<u>\$ (4,318)</u>	<u>\$ (6,236)</u>

A valuation allowance is recorded to reduce deferred tax assets to the amount that is more likely than not to be realized based on an assessment of positive and negative evidence, including estimates of future taxable income necessary to realize future deductible amounts. A significant piece of objective negative evidence evaluated was the cumulative loss incurred over the three-year period ended December 31, 2023. Such objective evidence limits the ability to consider other subjective evidence such as its projections for future growth. On the basis of this evaluation, at December 31, 2023 and 2022, a valuation allowance of \$94.0 million and \$85.4 million, respectively, has been recorded.

As of December 31, 2023, the Company has accumulated federal and state net operating loss (“NOL”) carryforwards of \$238.1 million and \$212.0 million, respectively. Of the \$238.1 million of federal NOL carryforwards, \$20.3 million are pre-2018 losses and may be carried forward for twenty years. The remaining \$217.9 million can be carried forward indefinitely but can only be utilized to offset 80% of taxable income. Of the \$212.0 million of state NOL carryforwards, \$28.4 million can be carried forward indefinitely with the remaining NOLs expiring in various years through 2043 if not utilized. The Company completed a Section 382 study for the period through December 31, 2022 and determined that a Section 382 ownership change occurred on December 31, 2017 subjecting all pre-2018 losses to a utilization limitation; however, such limitation is not expected to result in NOLs expiring unused. Any future annual limitation may result in the expiration of NOLs before utilization.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

As of December 31, 2023 and 2022, the Company had combined foreign NOL carry-forwards available to reduce future taxable income of approximately \$115.0 million and \$85.3 million, respectively. As of December 31, 2023 and 2022, valuation allowances of \$108.0 million and \$82.5 million, respectively, had been recorded against the related deferred tax assets for those loss carry-forwards that are not more likely than not to be fully utilized in reducing future taxable income.

The following changes occurred in the amount of unrecognized tax benefits (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Beginning balance of unrecognized tax benefits	\$ 1,067	\$ 1,490	\$ 748
Increases for current year tax positions	—	127	138
Increases (decreases) for prior year tax positions	32	(577)	577
Decreases due to settlements with taxing authorities	(1,099)	—	—
Ending balance (excluding interest and penalties)	—	1,040	1,463
Interest and penalties	—	27	27
<b>Total</b>	<b>\$ —</b>	<b>\$ 1,067</b>	<b>\$ 1,490</b>

For the years ended December 31, 2023, 2022 and 2021, the Company recorded income tax (benefit) expense of \$32,000, (\$423,000) and \$165,000, respectively, related to uncertain tax positions. In 2023, the Company settled an income tax audit with the Chinese tax authorities resulting in a decrease of \$1.1 million uncertain tax position which was reclassified to taxes payable. The Company's policy is to recognize potential interest and penalties related to unrecognized tax benefits associated with uncertain tax positions, if any, in the income tax provision. At December 31, 2023, the Company had no accruals for interest and penalties related to uncertain tax positions. At December 31, 2022 and 2021, the Company had accrued \$27,000 for each period in interest and penalties related to uncertain tax positions.

The Company is subject to taxation in the United States and various states along with other foreign countries. The Company has not been notified that it is under audit by the IRS or any state, however, due to the presence of NOL carryforwards, all the income tax years remain open for examination in each of these jurisdictions. There are no audits in any foreign jurisdictions. The Company does not believe that it is reasonably possible that the total amount of unrecognized tax benefits will significantly increase or decrease in the next 12 months.

Deferred income taxes have not been provided for undistributed earnings of the Company's consolidated foreign subsidiaries because of the Company's intent to reinvest such earnings indefinitely in active foreign operations. At December 31, 2023, the Company had \$15.2 million in unremitted earnings that were permanently reinvested related to its consolidated foreign subsidiaries.

**(14) Segment information**

The Company operates as one operating segment. Operating segments are defined as components of an enterprise for which separate financial information is evaluated regularly by the CODM, who is the Company's chief executive officer, in deciding how to allocate resources and assess the Company's financial and operational performance. While the Company has applications that address multiple use cases, the Company's applications generally operate on and leverage a single technology platform and are deployed and sold in an identical way. In addition, the Company's CODM evaluates the Company's financial information and resources and assesses the performance of these resources on a consolidated basis. As a result, the Company has determined that the Company's business operates in a single operating segment. Since the Company operates as one operating segment, all required financial segment information can be found in the consolidated financial statements.

Geographic concentrations of revenues and long-lived assets are disclosed in Note 16.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

**(15) Revenue Recognition**

The following table disaggregates the Company's revenue by geography which provides information as to the major source of revenue. North America includes United States and Canada and International aggregates international revenues excluding Canada. The majority of the Company's North America revenue is generated in the United States (in thousands):

Primary Geographic Markets	Year Ended December 31,		
	2023	2022	2021
North America	\$ 338,269	\$ 318,348	\$ 276,677
International	110,519	113,544	91,756
Total	<u>\$ 448,788</u>	<u>\$ 431,892</u>	<u>\$ 368,433</u>

The following table presents the Company's revenues disaggregated by revenue source (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Subscription services	\$ 410,506	\$ 384,617	\$ 327,047
Professional services	24,677	29,252	26,022
Software licenses and other	13,605	18,023	15,364
Total	<u>\$ 448,788</u>	<u>\$ 431,892</u>	<u>\$ 368,433</u>

**Contract Assets**

Contract assets arise when the Company has earned revenue on a contract with a customer prior to billing. Any contract assets that may arise are recorded in other assets on the Company's consolidated balance sheets net of an allowance for credit losses.

**Contract Liabilities**

The Company's contract liabilities consist of advance payments and deferred revenue. The Company's contract liabilities are reported in a net position on a contract-by-contract basis at the end of each reporting period. The Company classifies advance payments and deferred revenue as current or noncurrent based on the timing of when it expects to recognize revenue. Generally, all contract liabilities are expected to be recognized within one year and are included in deferred revenue on the Company's consolidated balance sheets. The noncurrent portion of deferred revenue is included and separately disclosed on the Company's consolidated balance sheets.

**Deferred Costs**

Current deferred costs, which primarily consist of deferred sales commissions, were \$20.0 million and \$16.2 million as of December 31, 2023 and 2022, respectively. Noncurrent deferred costs, which primarily consist of deferred sales commissions, were \$26.6 million and \$21.4 million as of December 31, 2023 and 2022, respectively. During the years ended December 31, 2023, 2022 and 2021, amortization expense for the deferred costs was \$19.6 million, \$18.3 million and \$14.4 million, respectively. There was no impairment loss in relation to the costs capitalized.

**Deferred Revenue**

For the years ended December 31, 2023, 2022 and 2021, \$225.7 million, \$214.8 million and \$157.6 million, respectively, of subscription services, license and other revenue was recognized and was included in the deferred revenue balances at the beginning of the respective period.

For the years ended December 31, 2023, 2022 and 2021, \$5.9 million, \$6.8 million and \$8.6 million, respectively, of professional services revenue was recognized and was included in the deferred revenue balance at the beginning of the period.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

***Remaining Performance Obligations***

As of December 31, 2023, approximately \$494.1 million of revenue is expected to be recognized from remaining performance obligations for subscription and other contracts. The Company expects to recognize revenue on approximately \$305.0 million of these remaining performance obligations over the next 12 months, with the balance recognized thereafter.

As of December 31, 2023, approximately \$10.0 million of revenue is expected to be recognized from remaining performance obligations for professional services contracts. The Company expects to recognize revenue on approximately \$9.3 million of these remaining professional services performance obligations over the next 12 months, with the balance recognized thereafter.

**(16) Geographic Concentrations**

Revenue by location is determined by the billing address of the customer. North America includes United States and Canada and International aggregates international revenues excluding Canada. Approximately 75%, 74% and 75% of the Company's revenue was from North America for the fiscal years ended December 31, 2023, 2022 and 2021, respectively. The majority of the Company's North America revenue is generated in the United States. No other individual country comprised more than 10% of total revenue for the fiscal years ended December 31, 2023, 2022 and 2021. Property and equipment by geographic location is based on the location of the legal entity that owns the asset. As of December 31, 2023 and 2022, 83% and 79%, respectively, of the Company's property and equipment was located in North America. The majority of the Company's North America property and equipment is located in the United States.

**(17) Employee Benefit Plan**

The Company maintains a 401(k) plan for the benefit of the Company's eligible employees. The plan covers all employees who have attained minimum service requirements. The 401(k) plan allows each participant to contribute up to an amount not to exceed an annual statutory maximum. The Company may, at its discretion, make matching contributions to the 401(k) plan. There was \$2.6 million, \$2.2 million and \$2.0 million cash contributions made to the plan by the Company for the years ended December 31, 2023, 2022 and 2021, respectively. Contribution expense recognized for the 401(k) plan was \$2.4 million, \$2.0 million and \$1.9 million for the years ended December 31, 2023, 2022, and 2021, respectively.

**(18) Leases**

The Company's leases relate primarily to office facilities that expire on various dates from 2023 through 2031. The terms of the Company's non-cancelable operating lease arrangements typically contain fixed lease payment which increases over the term of the lease at fixed rates, rent holidays and provide for additional renewal periods. Lease expense is recognized over the term of the lease on a straight-line basis. All of the Company's leases are classified as operating leases. The Company has determined that periods covered by options to extend the Company's leases are excluded from the lease term as the Company is not reasonably certain the Company will exercise such options. During 2023 and 2022, the Company terminated leases related to the 2022 Strategic Realignment (as defined in Note 20). See Note 20 for details on the 2022 Strategic Realignment.

The Company records its right-of-use ("ROU") asset within other assets (long term) and its operating lease liabilities within other current and long-term liabilities.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

Additional information related to the Company's leases is as follows (in thousands, except lease term and discount rate):

	As of December 31,	
	2023	2022
<b>Balance sheet information</b>		
ROU assets	\$ 16,075	\$ 17,872
Lease liabilities, current	\$ 3,825	\$ 3,797
Lease liabilities, non-current	16,694	18,742
Total lease liabilities	\$ 20,519	\$ 22,539
<b>Supplemental data</b>		
Weighted average remaining lease term	5.91 years	6.57 years
Weighted average discount rate	6.12 %	5.68 %

	Year Ended December 31,		
	2023	2022	2021
Cash paid for amounts included in lease liabilities	\$ 4,810	\$ 7,280	\$ 6,574
ROU assets obtained in exchange for new lease obligations	2,680	11,850	8,250

Maturities of lease liabilities as of December 31, 2023 were as follows (in thousands):

<b>Year ending December 31,</b>		
2024		\$ 4,932
2025		4,290
2026		3,820
2027		3,388
2028		3,187
Thereafter		6,284
<b>Total undiscounted lease payments</b>		<b>25,901</b>
Less: imputed interest		(5,382)
<b>Total lease liabilities</b>		<b>\$ 20,519</b>

The following table presents components of lease expense (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Operating lease expense	\$ 4,904	\$ 6,089	\$ 6,383
Short-term lease expense <sup>(1)</sup>	545	638	832
	5,449	6,727	7,215
Less: Sublease income	(247)	(155)	(61)
Total lease expense	\$ 5,202	\$ 6,572	\$ 7,154

<sup>(1)</sup> Short-term lease expense includes all leases with lease terms ranging from less than one month to one year.

As of December 31, 2023, the Company does not have any leases that have not yet commenced that create significant rights and obligations.

**(19) Commitments and Contingencies**

For a summary of the Company's debt and lease obligations, see Notes 9 and 18, respectively.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

***Litigation***

In April 2022, certain former shareholders of The Anvil Group (International) Limited, Anvil Worldwide Limited and The Anvil Group Limited (collectively, “Anvil”), which was acquired by Everbridge on November 4, 2021, filed a claim in the United Kingdom Commercial Court against Everbridge Holdings Limited and Everbridge, Inc. The suit claimed that these companies breached certain provisions of the acquisition documents relating to the issuance of Everbridge, Inc. stock, which formed part of the consideration payable for the stock in Anvil. As of December 31, 2023, the Company had accrued a liability of \$25 million on the Company’s consolidated balance sheet with respect to this claim. On January 31, 2024, the Company entered into a settlement agreement (the “Settlement Agreement”). Under the terms of the Settlement Agreement, the Company paid \$25 million to settle the claims.

In April 2022, a putative class action lawsuit was filed in the United States District Court for the Central District of California against the Company, Jaime Ellertson, Patrick Brickley, and David Meredith (the Company’s former Chief Executive Officer) by Sylebra Capital Partners Master Fund Ltd, Sylebra Capital Parc Master Fund, and Sylebra Capital Menlo Master Fund (collectively, “Sylebra”). In September 2022, Sylebra filed an amended and restated complaint (the “First Amended Complaint”). The lawsuit alleges violations of the federal securities laws by the Company and certain of its officers and directors arising out of purported misrepresentations in the information the Company provided to investors regarding the Company’s organic and inorganic revenue growth, and the status of integrating acquisitions, which allegedly artificially inflated the price of the Company’s stock during the period from November 4, 2019 to February 24, 2022. The Company is not able to estimate the amount of the loss allegedly suffered by members of the putative class or the amount of legal costs and internal efforts associated with defending the Company and the Company’s officers and directors. The Company intends to defend the action vigorously. In October 2022, the Company filed a motion to dismiss the lawsuit on various grounds, including failure to plead any actionable misstatement or omission, failure to establish scienter, and failure to meet the pleading requirements of the Private Securities Litigation Reform Act and other applicable law. On May 9, 2023, the Court granted the Company’s motion to dismiss each of the claims, dismissing the First Amended Complaint in its entirety, without prejudice. Sylebra filed a Second Amended Complaint on June 30, 2023. The Company has filed a motion to dismiss the Second Amended Complaint and that motion was heard by the court on January 4, 2024. The court has not yet rendered a decision on the motion. Even if the Company were to prevail again, this litigation could continue to be costly and time-consuming and divert the attention of the Company’s management and key personnel from the Company’s business operations. During the course of the litigation, the Company anticipates announcements of the results of hearings and motions, and other interim developments related to the litigation. If securities analysts or investors regard these announcements as negative, the market price of the Company’s common stock may decline. If the Company is unsuccessful in defending itself in this litigation, this lawsuit could materially and adversely affect the Company’s business, financial condition, results of operations and cash flows.

In June 2022, a purported shareholder derivative action was filed in the United States District Court for the Central District of California against certain current and former directors and officers of the Company, naming the Company as a nominal defendant. The suit claims that these individuals breached their fiduciary duties to the Company’s shareholders and to the Company generally in connection with the same set of circumstances alleged in the class action lawsuit. The complaint is derivative in nature and does not seek relief from the Company. This action has been stayed pending the outcome of the motion to dismiss filed in the putative class action lawsuit brought by Sylebra.

From time to time the Company may become involved in other legal proceedings or be subject to claims arising in the ordinary course of business. Although the results of ordinary course litigation and claims cannot be predicted with certainty, the Company currently believes that the final outcome of these ordinary course matters will not have a material adverse effect on its business, financial condition, results of operations or cash flows. Regardless of the outcome, litigation can have an adverse impact because of defense and settlement costs, diversion of management resources and other factors.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

**Employee Contracts**

The Company has entered into employment contracts with certain of the Company’s executive officers which provide for at-will employment. However, under the provisions of the contracts, the Company would incur severance obligations of up to twelve months of the executive’s annual base salary for certain events, such as involuntary terminations.

**(20) Restructuring and Restructuring-Related Activities**

In May 2022, the Board approved a program (the “2022 Strategic Realignment”) to strategically realign the Company’s resources in order to accelerate and grow the Company’s investments in the Company’s largest growth opportunities while streamlining the Company’s operations. The 2022 Strategic Realignment program includes a targeted realignment and reduction of headcount, facilities and other third-party spend. In November 2022 and July 2023, the Board approved amendments to the 2022 Strategic Realignment program to include additional targeted realignment and reduction of headcount and other third-party spend.

The 2022 Strategic Realignment program is in support of the 2022 strategic initiatives to simplify the Company’s business and accelerate the integration of recent acquisitions, and will help to drive the financial outcomes of sustainable growth and improved profitability and cash flow and is expected to be substantially completed by the first half of fiscal 2024.

In addition to restructuring costs, the Company will also incur costs that do not constitute restructuring under ASC 420, *Exit and Disposal Cost Obligations*, and which the Company instead refers to as business transformation costs. These costs consist primarily of expenditures directly related to the 2022 Strategic Realignment and include employee retention costs, professional fees and investments in automation and technology. The following table provides a summary of the Company’s estimates of total pre-tax charges associated with the 2022 Strategic Realignment, by major type of cost, of which approximately \$33 million to \$35 million are expected to result in cash outlays (in millions):

	<b>Total Estimated Amount Expected to be Incurred</b>	
<b>Restructuring charges:</b>		
Workforce	\$ 13	to \$ 14
Facilities-related	5	to 5
Other	—	to —
<b>Business transformation charges</b>	<b>16</b>	<b>to 17</b>
<b>Total restructuring and business transformation charges</b>	<b>\$ 34</b>	<b>to \$ 36</b>

The following table sets provides a summary of restructuring activities (in thousands):

	<b>Workforce <sup>(1)</sup></b>	<b>Facilities- related <sup>(2)</sup></b>	<b>Other</b>	<b>Total</b>
Balance at April 1, 2022	\$ —	\$ —	\$ —	\$ —
Charges	7,802	4,200	167	12,169
Charges settled in cash	(6,505)	(3,316)	(167)	(9,988)
Charges settled in non-cash	(3)	(848)	—	(851)
Balance at December 31, 2022	1,294	36	—	1,330
Charges	3,534	87	—	3,621
Charges settled in cash	(3,335)	(90)	—	(3,425)
Charges settled in non-cash	(49)	(38)	—	(87)
Balance at December 31, 2023	\$ 1,444	\$ (5)	\$ —	\$ 1,439

<sup>(1)</sup> Balance at December 31, 2023 is recorded in accrued payroll and employee related liabilities and accrued expenses in the consolidated balance sheet. Balance at December 31, 2022 is recorded in accrued payroll and employee related liabilities in the consolidated balance sheet.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

(2) Balance at December 31, 2023 is recorded in prepaid expenses in the consolidated balance sheet. Balance at December 31, 2022 is recorded in accrued expenses in the consolidated balance sheet. Charges settled in non-cash relate to the loss on disposal of assets partially offset by derecognizing the ROU asset and liability for lease terminations.

Since the inception of the 2022 Strategic Realignment program through December 31, 2023, the Company incurred approximately \$15.8 million of restructuring charges, of which \$11.3 million was for employee-related expenses, \$4.3 million was for facilities-related expenses and \$0.2 million for other expenses.

The following table presents restructuring and business transformation expenses by major type and line item within our accompanying consolidated statement of operations (in thousands):

	Year Ended December 31,	
	2023	2022
Restructuring charges	\$ 3,621	\$ 12,169
Business transformation charges:		
Cost of revenue	814	953
Sales and marketing	4,406	1,053
Research and development	3,098	1,014
General and administrative	1,812	2,168
Other income (expense), net	(18)	1
Total business transformation charges	10,112	5,189
Total restructuring and business transformation charges	\$ 13,733	\$ 17,358

**(21) Subsequent Events**

***Proposed Merger with Thoma Bravo***

On February 4, 2024, Everbridge, Inc. (“Everbridge” or the “Company”) entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Project Emerson Parent, LLC (“Parent”) and Project Emerson Merger Sub, Inc. (“Merger Sub”). The Merger Agreement provides that, subject to the terms and conditions set forth in the Merger Agreement, Merger Sub will merge with and into Everbridge (the “Merger”), with Everbridge continuing as the surviving corporation of the Merger and a wholly owned subsidiary of Parent. Parent and Merger Sub are affiliates of Thoma Bravo Discover Fund IV, L.P. (the “Thoma Bravo Fund”), an investment fund managed by Thoma Bravo, L.P.

The Board of Directors of Everbridge (the “Board”) determined that the transactions contemplated by the Merger Agreement, including the Merger, are advisable, fair to and in the best interests of Everbridge and its stockholders, and have approved the Merger Agreement and the transactions contemplated by the Merger Agreement. The Board also resolved to recommend that the stockholders of the Company vote to adopt the Merger Agreement and approve the Merger.

Also on February 4, 2024, in connection with the execution of the Merger Agreement, the Thoma Bravo Fund delivered to Everbridge an equity commitment letter (the “Equity Commitment Letter”) pursuant to which the Thoma Bravo Fund has committed to invest in Parent the cash amounts set forth therein for the purpose of funding up to the full amount of the aggregate merger consideration payable therein. Everbridge is a third party beneficiary of the Equity Commitment Letter and is entitled to enforce the investment commitment, on the terms and subject to the conditions set forth therein.

Pursuant to the Merger Agreement, at the effective time of the Merger (the “Effective Time”), each share of common stock of Everbridge, par value \$0.001 per share (“Common Stock”), outstanding immediately prior to the Effective Time (subject to certain exceptions, including shares of Common Stock owned by stockholders of Everbridge who have not voted in favor of the adoption of the Merger Agreement and have properly exercised appraisal rights in accordance with Section 262 of the General Corporation Law of the State of Delaware) will automatically be converted into the right to receive \$28.60 in cash without interest thereon (the “Per Share Price”), subject to applicable withholding taxes.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

Pursuant to the Merger Agreement, at the Effective Time, each outstanding option to purchase shares of Common Stock that is vested at the Effective Time, or that vests as a result of the Merger at the Effective Time, will automatically be cancelled and converted into the right to receive an amount in cash equal to (x) the total number of shares of Common Stock subject to such vested option multiplied by (y) the excess, if any, of (A) the Per Share Price over (B) the exercise price per share of such vested option, without interest thereon and subject to applicable withholding taxes. Each outstanding option to purchase shares of Common Stock that is unvested at the Effective Time will automatically be cancelled and converted solely into the contingent right to receive from Parent or Everbridge an amount in cash equal to (x) the total number of shares of Common Stock subject to such unvested option immediately prior to the Effective Time, multiplied by (y) the excess, if any, of (A) the Per Share Price over (B) the exercise price per share of such unvested option, without interest thereon and subject to applicable withholding taxes, which resulting payment will be subject to the same vesting terms and conditions as applied to such unvested options immediately prior to the Effective Time. Any option to purchase shares of Common Stock, vested or unvested, that has an exercise price per share that is greater than or equal to the Per Share Price will be automatically cancelled at the Effective Time for no consideration or payment.

Pursuant to the Merger Agreement, at the Effective Time, each of the Company's outstanding restricted stock units subject to time-based vesting (a "Company RSU") that is vested at the Effective Time (but not yet settled), or that vests as a result of the Merger at the Effective Time, will automatically be cancelled and converted solely into the right to receive an amount in cash equal to (x) the total number of shares of Common Stock subject to such vested Company RSU immediately prior to the Effective Time, multiplied by (y) the Per Share Price, without interest thereon and subject to applicable withholding taxes. Each Company RSU that is unvested at the Effective Time will be automatically cancelled and converted solely into the contingent right to receive from Parent or Everbridge an aggregate amount in cash equal to (x) the total number of shares of Common Stock subject to such unvested Company RSU prior to the Effective Time, multiplied by (y) the Per Share Price, without interest thereon and subject to applicable withholding taxes, which resulting payment will be subject to the same vesting terms and conditions as applied to such unvested Company RSU immediately prior to the Effective Time, provided that the terms rendered inoperable by the transactions contemplated by the Merger Agreement will no longer have any force or effect.

Pursuant to the Merger Agreement, at the Effective Time, each of the Company's outstanding restricted stock units subject to vesting on the basis of time and the achievement of performance targets (a "Company PSU") that is vested or vests at the Effective Time (but not yet settled) will automatically be cancelled and converted solely into the right to receive an amount in cash equal to (x) the total number of shares of Common Stock subject to such vested Company PSU immediately prior to the Effective Time, multiplied by (y) the Per Share Price, without interest thereon and subject to applicable withholding taxes. Each Company PSU that is unvested at the Effective Time will be automatically cancelled and converted solely into the contingent right to receive from Parent or Everbridge an aggregate amount in cash equal to (x) the total number of shares of Common Stock subject to such unvested Company PSU prior to the Effective Time based on the number of shares that such unvested Company PSU would settle for at target achievement of the applicable performance metrics, multiplied by (y) the Per Share Price, without interest thereon and subject to applicable withholding taxes (a "Converted PSU Cash Award"), which resulting payment will be subject to the same vesting terms and conditions as applied to such unvested Company PSU immediately prior to the Effective Time, except that in lieu of vesting based on performance metrics, 50% of each Converted PSU Cash Award will instead vest at target achievement at the end of the fiscal quarter which ends immediately after the second anniversary of the date of grant, and 50% of each Converted PSU Cash Award will vest at target achievement at the end of the fiscal quarter which ends immediately after the third anniversary of the date of grant, subject in each case to continuous service through the applicable vesting date(s), and provided that terms rendered inoperable by the transactions contemplated by the Merger Agreement will no longer have any force or effect.

Completion of the Merger is subject to customary closing conditions, including (1) the adoption of the Merger Agreement by the holders of a majority of the voting power of the outstanding shares of Common Stock, (2) the expiration or early termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the receipt of other specified regulatory approvals and (3) the absence of an order or law preventing the Merger.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

The Merger Agreement contains customary representations, warranties and covenants made by each of Everbridge, Parent and Merger Sub, including, among others, covenants by Everbridge regarding the conduct of its business prior to the closing of the Merger.

Beginning as of the date of the Merger Agreement and continuing until 11:59 p.m. Eastern Time on February 29, 2024 (the “Go-Shop Period”), Everbridge has the right to, among other things, (1) solicit alternative acquisition proposals from any third party that has contacted or had material discussions with the Company or its financial advisor regarding a potential acquisition proposal within the six month period prior to the date of the Merger Agreement (each, a “Specified Party”), (2) provide information (including nonpublic information) to any Specified Party in connection therewith pursuant to an acceptable confidentiality agreement, and (3) initiate or continue discussions with any Specified Party in connection therewith. Following the date of the Merger Agreement (or, solely with respect to any Specified Parties, following the Go-Shop Period), Everbridge is subject to customary restrictions on its ability (and the ability of its subsidiaries and representatives) to (1) solicit, initiate, propose or induce the making or knowingly encourage, facilitate or assist alternative acquisition proposals from third parties, (2) subject to certain exceptions, provide nonpublic information relating to Everbridge or any of its subsidiaries to third parties regarding alternative acquisition proposals or (3) engage in discussions or negotiations with, third parties regarding alternative acquisition proposals. In addition, Everbridge has agreed that, subject to certain exceptions, the Board will not withdraw its recommendation that the stockholders of the Company vote to adopt the Merger Agreement and approve the Merger.

Either Everbridge or Parent may terminate the Merger Agreement if (1) the Effective Time has not occurred by August 4, 2024, which may be extended to November 4, 2024 if certain closing conditions related to the receipt of required regulatory approvals have not been satisfied at such time, (2) a governmental authority of competent jurisdiction has issued a final non-appealable governmental order preventing the Merger or (3) the stockholders of the Company fail to adopt the Merger Agreement. Everbridge may terminate the Merger Agreement in certain additional limited circumstances, including to allow Everbridge to enter into an agreement providing for an alternative acquisition transaction that constitutes a Superior Proposal (as defined in the Merger Agreement). Parent may terminate the Merger Agreement in certain additional limited circumstances, including if the Board withdraws its recommendation that the stockholders of the Company vote to adopt the Merger Agreement.

Upon termination of the Merger Agreement under certain specified circumstances, Everbridge will be required to pay Parent a termination fee (the “Company Termination Fee”) of \$40,400,000. Specifically, the Company Termination Fee is payable if (1) the Merger Agreement is terminated in certain circumstances; (2) prior to such termination (but after the date of the Merger Agreement) a proposal for an alternative acquisition transaction has been publicly announced or disclosed and not withdrawn; and (3) within one year of such termination, Everbridge subsequently consummates an alternative acquisition transaction or enters into a definitive agreement providing for an alternative acquisition transaction and such transaction is ultimately consummated. The Company Termination Fee will also be payable in certain circumstances if the Merger Agreement is terminated: (1) by Parent because the Board withdraws its recommendation that the stockholders of the Company vote to adopt the Merger Agreement; or (2) by Everbridge in order to enter into an agreement providing for an alternative acquisition transaction that constitutes a Superior Proposal. Notwithstanding the foregoing, a lower fee of \$20,200,000 will apply with respect to a termination by Everbridge prior to March 10, 2024 to enter into a Superior Proposal received during the Go-Shop Period with a Specified Party.

The Merger Agreement also provides that Everbridge, on the one hand, or Parent and Merger Sub, on the other hand, may specifically enforce the obligations under the Merger Agreement, including the obligation to consummate the Merger if the conditions set forth in the Merger Agreement are satisfied. Subject to limited exceptions, in the event the Merger Agreement is validly terminated, Parent’s and Merger Sub’s aggregate liability for monetary damages for breaches of the Merger Agreement are capped at \$101,000,000 plus Reimbursement Obligations (as defined in the Merger Agreement), and the Company’s liability for monetary damages for breaches of the Merger Agreement are capped at the Company Termination Fee plus any Enforcement Expenses (as defined in the Merger Agreement).

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

***Appointment of New Chief Financial Officer***

Pursuant to a preexisting succession plan, on February 4, 2024, the Company appointed David Rockvam as Executive Vice President and Chief Financial Officer of the Company, effective immediately. Mr. Rockvam will succeed Patrick Brickley whose last day of employment will be March 15, 2024 after which time he will remain with the Company as a consultant to assist with the transition under the terms of a consulting agreement described below.

***Mr. Rockvam's Letter Agreement***

In connection with Mr. Rockvam's appointment, the Company entered into a letter agreement with Mr. Rockvam on February 8, 2024 (the "Letter Agreement"). The material terms of the Letter Agreement are as follows: (i) an initial base salary of \$420,000 per year; (ii) a one-time sign-on bonus of \$500,000 repayable by Mr. Rockvam if he voluntarily resigns or is terminated for "cause", during the twelve (12)-month period following his first day of employment; (iii) eligibility for an annual, performance-based cash bonus with a target bonus percentage of 75% of his base salary and (iv) eligibility to participate in the Company's executive severance plan and other employee benefit, welfare and other plans, as may be maintained by the Company from time to time, on a basis no less favorable than those provided to other similarly-situated executives of the Company.

In addition, pursuant to the Letter Agreement, the Company will grant Mr. Rockvam an initial grant of 115,000 Company RSUs and 115,000 Company PSUs. The Company RSUs will vest over four years with 25% vesting after year one and quarterly thereafter. The Company PSUs will vest based on performance measures determined by the Board at the time of grant. At the Effective Time, 55,000 of the Company PSUs will be forfeited for no consideration, and the remainder will remain outstanding and subject to vesting, and be treated in the same manner as other Company PSUs under the Merger Agreement, as described above. The grants will be awarded under the Company's 2016 Equity Incentive Plan and will be subject to substantially similar terms as the terms of the Company's executive severance plan and standard form of award agreement. It is expected that the Company RSUs and Company PSUs will be granted in the first quarter of 2024, in each case subject to Mr. Rockvam being an employee of the Company on the date of grant.

***Mr. Brickley's Departure and Consulting Agreement***

Mr. Brickley entered into a separation and release agreement with the Company on February 3, 2024, pursuant to which Mr. Brickley became eligible to receive certain separation benefits consistent with a qualifying involuntary termination outside of a "Change in Control Determination Period" under the terms of the Company's executive severance plan. These benefits, to be paid following the separation date, include twelve (12) months of base salary continuation, payment of Mr. Brickley's earned but unpaid 2023 annual bonus, and payment of COBRA premiums for up to twelve (12) months. Additionally, as discussed above, on February 4, 2024, Mr. Brickley entered into a consulting agreement with the Company (the "Mr. Brickley's Consulting Agreement"). The term of Mr. Brickley's Consulting Agreement begins on March 15, 2024 and ends on December 31, 2024, unless terminated earlier by the Company for "Cause" or voluntarily by Mr. Brickley. Pursuant to Mr. Brickley's Consulting Agreement, Mr. Brickley will receive \$5,000 per month, with a daily rate of \$1,500 for any day in which services are performed after having reached twenty (20) hours in the applicable month. In addition, consistent with the terms of the Company's 2016 Equity Incentive Plan and related forms of agreement, all unvested equity awards previously granted by the Company to Mr. Brickley will continue to vest during the term of the consulting agreement in accordance with their terms, but will not be subject to any change in control or double-trigger vesting acceleration as might otherwise be earned in connection with the terms of the individual grant agreements or the Company's executive severance plan.

**Everbridge, Inc.**  
**Notes to the Consolidated Financial Statements—(Continued)**

***Departure of Chief Accounting Officer***

On February 26, 2024, Phillip E. Huff, the Company's Chief Accounting Officer and principal accounting officer, provided notice he was resigning from his position as Chief Accounting Officer, effective March 22, 2024, and entered into a release agreement with the Company (the "Release Agreement"), pursuant to which Mr. Huff became eligible to receive certain separation benefits to be paid following the separation date, including (i) severance payments equal to six (6) months of Mr. Huff's base salary; (ii) payment of one-third of Mr. Huff's 2023 annual discretionary bonus, payable within fifteen (15) days of the effective date of the Release Agreement; and (iii) payment of COBRA premiums for up to six (6) months. Additionally, Mr. Huff entered into a consulting agreement with the Company (the "Mr. Huff's Consulting Agreement"). The term of Mr. Huff's Consulting Agreement will begin on March 23, 2024 and end on May 10, 2024, unless terminated earlier by the Company pursuant to the terms contained therein. Pursuant to Mr. Huff's Consulting Agreement, Mr. Huff will receive \$11,000 per month, with a daily rate of \$550 for any day in which services are performed after having reached eighty (80) hours in the applicable month. In addition, consistent with the terms of the Company's 2016 Equity Incentive Plan and related forms of agreement, all unvested equity awards previously granted by the Company to Mr. Huff will continue to vest during the term of Mr. Huff's Consulting Agreement in accordance with their terms, but will not be subject to vesting acceleration.

***First Amendment to Everbridge, Inc. 2022 Inducement Plan***

On February 26, 2024, our Board amended the Everbridge, Inc. 2022 Inducement Plan to reserve an additional 147,490 shares of our common stock for issuance pursuant to equity awards granted under the 2022 Inducement Plan.

***Litigation Settlement Agreement***

On January 31, 2024, the Company entered into a settlement agreement (the "Settlement Agreement") with respect to a previously disclosed lawsuit filed in the United Kingdom Commercial Court against the Company and Everbridge Holdings Limited, a wholly-owned subsidiary of the Company, by certain former shareholders of The Anvil Group (International) Limited, Anvil Worldwide Limited and The Anvil Group Limited. Under the terms of the Settlement Agreement, the Company paid \$25 million to settle the claims. For further information, see Note 19, Commitments and Contingencies.

February 3, 2024

David Rockvam  
[Address]

Re: Terms of Employment

Dear David:

This letter agreement (this “**Agreement**”) will set forth the terms of your “at-will” term employment relationship with Everbridge, Inc., and/or any present or future parent, subsidiary or affiliate thereof (collectively, the “**Company**”). This Agreement hereby supersedes any and all previous agreements relating to your employment relationship with the Company. The terms of your position with the Company are as set forth below and will be effective only upon, and subject to, the signing of this Agreement and any other agreements or documentation required hereunder, by you and the Company as of the Commencement Date referenced below. Your new role shall commence on February 5, 2024 (the “**Commencement Date**”), unless you and the Company mutually agree on an alternative date.

1. Employment.

(a) Title and Duties. Subject to the terms and conditions of this Agreement, the Company will employ you, and you will be employed by the Company, on an “at-will” basis, as EVP, Chief Financial Officer and such additional or different position or positions as the Company may determine in its sole discretion. You shall do and perform all services, acts or things necessary or advisable to manage and conduct the business of the Company and which are normally associated with your position, including but not limited to those described in **Exhibit A** attached hereto.

(b) Full Time Best Efforts. For so long as you are employed hereunder, you will devote substantially all of your business time and energies to the business and affairs of the Company, and shall at all times faithfully, industriously and to the best of your ability, experience and talent, perform all of your duties and responsibilities hereunder. In furtherance of, and not in limitation of the foregoing, during the term of this Agreement, you further agree that you shall not render commercial or professional services of any nature, including as a founder, advisor, or a member of a board of directors, to any person or organization, whether or not for compensation, if such services would materially interfere with your duties under this Agreement, without the prior approval of the Chief Executive Officer in his sole discretion; provided, however, that nothing contained in this Section 1(b) will be deemed to prevent or limit your right to (i) manage your personal investments on your own personal time or (ii) participate in religious, charitable or civic organizations in any capacity on your own personal time. As set forth above, your employment with the Company is “at-will,” and, accordingly, either you or the Company may terminate your employment at any time, with or without cause, for any reason or no reason.

(c) Location. Unless the parties hereto otherwise agree in writing, during the term of this Agreement, you shall perform the services required to be performed pursuant to this Agreement from your remote home office in the United States. In addition, the Company expects that you will travel to other

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domestic and international locations to meet with customers, prospects, and partners in connection with the Company's business.

2. Compensation. During the term of your employment with the Company, the Company will pay you the following compensation:

(a) Salary. As of the Commencement Date, you will be paid an annual salary of Four Hundred and Twenty Thousand Dollars (\$420,000), as may be increased from time to time as part of the Company's normal salary review process (the "**Salary**"). The Salary shall be prorated for any partial year of employment on the basis of a 365-day year. Your Salary will be subject to standard payroll deductions and withholdings, and payable in accordance with the Company's standard payroll practice as it exists from time to time.

(b) Expenses. During the term of your employment, the Company shall reimburse you for all reasonable and documented expenses incurred by you in the performance of your duties, under this Agreement in accordance with Company policy.

(c) Signing Bonus. If you join the Company, you will also be eligible to earn a one-time bonus of \$500,000, less applicable withholdings (the "**Sign-On/Retention Payment**"). The Company will advance you the Sign-On/Retention Payment, prior to its being earned, within thirty (30) days after your Start Date. You will earn the Sign-On/Retention Payment if you remain continuously employed with the Company through the one-year anniversary of your Start Date. If your employment with the Company terminates for Cause or you voluntarily resign without Good Reason (as both terms are defined below) prior to the one-year anniversary of your Start Date, you agree to repay, within thirty (30) days of your last day of employment with the Company, the entire Sign-On/Retention Payment paid to you by the Company in advance of becoming earned.

(d) Annual Performance Bonus. Your annual cash incentive bonus/variable compensation target ("**Variable Compensation**"), contingent upon the successful performance of all job duties, responsibilities, and mutually agreed upon objectives in accordance with the Company's Management Incentive Plan, will be seventy-five percent of your annual salary (75%) ("**Target Bonus**"). Your annual Variable Compensation target for fiscal year 2022 and contingent upon the successful performance of all job duties, responsibilities, and mutually agreed upon objectives in accordance with the Company's Management Incentive Plan, will be pro-rated based on your start date. The Company will pay you this bonus, if any, no later than March 15th of the following calendar year. Subject to the terms of the Severance Plan (as defined below), the bonus is not earned until paid and no pro-rated amount will be paid if your employment terminates for any reason prior to the payment date

(e) Restricted Stock Units and Performance Stock Units. Subject to the approval of the Company's Board of Directors (the "**Board**"), you will be granted 115,000 RSUs and 115,000 PSUs. RSU grants vest over four years, with 25% vesting after year one and quarterly thereafter. PSU grants vest based on performance measures determined by the Board at the time of grant. If and when the consummation of the Merger (as defined in Section 4(a)) occurs, 55,000 of the PSUs will be forfeited for no consideration. Additional details will be provided upon Board approval. These grants are intended to be a material inducement for you to become an employee of the Company, and they will be subject to the terms of the equity incentive plan, corporate severance plan, and form of agreement pursuant to which they are granted, subject to certain carveouts specified herein. It is expected that the RSUs and PSUs will be granted in the first quarter of 2024, in each case subject to your being an employee of the Company on the date of grant.

3. Employee Benefits. As an employee of the Company, you will be eligible to participate in such Company-sponsored benefits and programs as are made generally available to other employees of the Company. This includes paying for your portion of healthcare coverage and same 401(k) match as other

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Company employees. You will receive the same cell phone stipend as other Everbridge executives. In addition, you will be entitled to (i) annually accrue vacation and/or sick time in accordance with the Company's vacation policy as established by the Board and as in effect from time to time. The Company reserves the right to change or eliminate any benefit plans at any time, upon notice to you.

4. Separation Benefits. In all cases, upon termination of employment you will receive payment for all salary and unused vacation accrued as of the date of your termination of employment, and your benefits will be continued under the Company's then existing benefit plans and policies in accordance with such plans and policies in effect on the date of termination and in accordance with applicable law.

(a) Involuntary Termination. Your entitlement to any and all separation benefits in the event of a termination for "Cause" or a resignation for "Good Reason," shall be governed by the Everbridge, Inc. Severance Plan, dated August 5, 2022 (the "**Severance Plan**") in accordance with its terms, including all eligibility and release requirements. For purposes of this Agreement, "Cause" and "Good Reason" shall have the same definitions as those contained in the Severance Plan, provided, that the contemplated merger of the Company with Project Emerson Parent, LLC and Emerson Merger Sub, Inc. (the "**Merger**") and related transactions thereto, and any change in your responsibilities or duties caused by the Merger, will not constitute Good Reason under the terms of this Agreement or under the terms of your participation in the Severance Plan. Additionally, the Merger shall not constitute a "Change in Control" as such term is defined in the Severance Plan for purposes of determining whether any such involuntary termination occurred in a "Change in Control Determination Period" under the terms of the Severance Plan

(b) Voluntary Resignation. If you voluntarily elect to terminate your employment with the Company (other than for Good Reason), you shall not be entitled to any separation benefits under the Severance Plan or otherwise.

(c) Termination for Cause. If the Company or its successor terminates your employment for Cause, then you shall not be entitled to receive any separation benefits under the Severance Plan or otherwise.

(d) Termination for Death or Disability. If your employment with the Company is terminated by reason of death or disability, then, as a severance benefit, the Company shall continue to pay one-twelfth (1/12th) of your Salary for a period of three (3) months, in accordance with the Company's normal payroll schedule and policy in effect from time to time. For purposes of this section, "**Disability**" shall mean your inability to perform your duties under this Agreement because you have become permanently disabled within the meaning of any policy of disability income insurance covering employees of the Company then in force. In the event the Company has no policy of disability income insurance covering employees of the Company in force when you become disabled, the term "**Disability**" shall mean your inability to perform your duties under this Agreement by reason of any incapacity, physical or mental, which the Board, based upon medical advice or an opinion provided by a licensed physician acceptable to the Board, determines to have incapacitated you from satisfactorily performing all of your usual services for the Company for a period of at least ninety (90) days during any twelve (12) month period (whether or not consecutive) and is expected to continue to incapacitate you thereafter, not including any time during which you were on medical leave required by federal or state law. Based upon such medical advice or opinion, the determination of the Board shall be final and binding and the date such determination is made shall be the date of such Disability for purposes of this Agreement.

5. Mitigation. You shall not be required to mitigate the amount of any payment or benefits provided for in this Agreement by seeking other employment or otherwise. Further, the amount of any payment or benefits provided for in this Agreement shall not be reduced by any compensation earned by you as a result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by you to the Company or otherwise.

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## 6. Conditions to Receipt of Severance or other Benefits Pursuant to this Agreement.

(a) Release of Claims Agreement. Notwithstanding anything herein contained to the contrary, the receipt of any severance or other benefits pursuant to Section 4 of this Agreement (“**Separation Payments**”) is subject to your signing and not revoking a separation agreement and release of claims, based on the Company’s standard form release, of any and all claims you may have against the Company and its officers, employees, directors, parents and affiliates, the requirements for which are further described in Section 5 of the Severance Plan (the “**Release**”). No Separation Payments and benefits under this Agreement will be paid or provided until the Release becomes effective and irrevocable, and any such Separation Payments and benefits otherwise payable between the date of your termination of employment and the date the Release becomes effective and irrevocable will be paid on the date the Release becomes effective and irrevocable.

(b) Continued Compliance with Agreements. Your receipt of any Separation Payments or other benefits pursuant to this Agreement will be subject to, and contingent upon, your not being in breach of this Agreement and / or the Inventions Agreement (as defined below) as of the date of your termination, and your continued compliance following the date of your termination with the terms of this Agreement, the Inventions Agreement and the Release, notwithstanding anything herein contained to the contrary.

## 7. Confidential and Proprietary Information.

(a) Confidential Information and Inventions Agreement. As a condition to the execution and effectiveness of this Agreement, you agree to execute and abide by, the Company’s Confidential Information and Inventions Agreement (the “**Inventions Agreement**”). In furtherance, and not in limitation of the provisions thereof, you agree, during the term hereof and thereafter, that you shall take all steps reasonably necessary to hold the Company’s proprietary information in trust and confidence, will not use proprietary information in any manner or for any purpose except in connection with the performance of your services to the Company, and will not (other than in the performance of the services to the Company as herein contemplated) disclose any such proprietary information to any third party without first obtaining the Company’s express written consent on a case-by-case basis.

(b) Third Party Information. You understand that the Company has received, and will in the future receive, from third parties confidential or proprietary information (“**Third Party Information**”) subject to a duty on the Company’s part to maintain the confidentiality of such information and use it only for certain limited purposes. You agree to hold Third Party Information in confidence and not to disclose to anyone (other than the Company’s personnel who need to know such information in connection with their work for the Company) or to use, except in connection with the performance of your services to the Company, Third Party Information unless expressly authorized in writing by an officer of the Company.

(c) Whistleblower Exception. Notwithstanding any provision of this Agreement to the contrary, including but not limited to this Section 7, you may report possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, and any agency Inspector General, or make other disclosures that are protected under the whistleblower provisions of federal law or regulation. You do not need the prior authorization from the Company to make any such reports or disclosures and you are not required to notify the Company that you have made such reports or disclosures.

8. Covenant Not to Compete. In consideration of your employment, as well as the Signing Bonus, during the longer of (a) a period of two years beginning on the Commencement Date, or (b) the duration of your employment with the Company plus two years following the termination thereof, you shall not, directly or indirectly (whether as an employer, operator, agent, independent contractor, consultant,

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owner, director, officer, shareholder, investor, partner (general or limited), joint venturer or any other relationship or relationships similar to any of the foregoing), anywhere in the world, except as specifically provided in this Section 8 below:

(a) Restriction on Competitive Activities. Engage in any activities, perform any services or conduct, have an interest in or participate in any businesses that are competitive with any part of the business of the Company as currently conducted or as currently contemplated to be conducted (the "Business"), including without limitation, develop, create, license, sell, distribute or otherwise commercially exploit any product, service or methodology that has the same principal function or features as the Company's proprietary software products and related services that constitute the Business.

(b) No Solicitation of Customers. Solicit or divert away or attempt to solicit or divert away any customer of the Company in an effort to provide products or services to such customer which are competitive with the Business.

(c) Restrictions on Relationships Involving Competitive Activities. Be engaged by, employed by, consult with, own any capital stock of, or have any financial interest of any kind in, any individual, person or entity, which conducts a business that is competitive with any part of the Business. Notwithstanding the preceding sentence, you may own, for investment purposes only, up to 1% in the aggregate of the outstanding stock or other equity interest of any entity that is competitive with the Business.

(d) In the event that the Company undergoes a merger, acquisition or other business combination: (A) the restrictions of Section 8(a) would apply only to any product, service or methodology that has the same principal function or features as the Company's proprietary software products and related services that constitute the Business as of the date of such merger, acquisition or business combination; and (B) the restrictions of Section 8(c) would apply only to customers of the Company as of the date of such merger, acquisition or business combination.

9. Covenant Not to Solicit. In consideration of your employment, as well as the Signing Bonus, during the longer of (a) a period of one year beginning on the Commencement Date, or (b) the duration of your employment with the Company plus one year following the termination thereof, you shall not, directly or indirectly (whether as an employer, operator, agent, independent contractor, consultant, owner, director, officer, shareholder, investor, partner (general or limited), joint venturer or any other relationship or relationships similar to any of the foregoing), anywhere in the world, cause, induce, solicit, recruit, hire or encourage or attempt to cause, induce, solicit, recruit, hire or encourage any person or entity that prior to the date hereof was an employee, subcontractor, contractor, agent, distributor, licensee, licensor or supplier of the Company to terminate, or otherwise change in any manner adverse to the Company or any of its affiliates, its relationship with the Company, or, hire or attempt to hire any person employed by the Company or any of its affiliates, provided that you may hire such employee if such employee's employment with the Company or any of its affiliates has been terminated involuntarily prior to date of hire by you.

## 10. Arbitration.

(a) Agreement to Arbitrate. Except as provided for any action arising out of any violation of the Inventions Agreement or as set forth in clause (b) below addressing excluded claims and remedies, you and the Company both agree that any disputes of any kind whatsoever arising out of or relating to the termination of your employment with the Company, including any breach of this Agreement, shall be subject to final and binding arbitration.

(b) Excluded Claims, Relief and Enforcement. You understand that this Agreement does not prohibit you from pursuing an administrative claim with a local, state, or federal administrative body such as the Department of Fair Employment and Housing, the Equal Employment Opportunity Commission, the National Labor Relations Board, or the Workers' Compensation Board, or the Department of Unemployment

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Assistance for unemployment benefits. This Agreement does not preclude the Company from pursuing court action regarding any claims arising out of any breach of the Inventions Agreement or other claims not otherwise resulting from, or arising out of, the termination of your employment with the Company. Nothing in this Agreement prohibits either party from seeking injunctive or declaratory relief from a court of competent jurisdiction. Either the Company or you may bring an action in court to compel arbitration under this Agreement and to enforce an arbitration award. Otherwise, with the exception of claims set forth in this clause or arising out of the Inventions Agreement, neither party shall initiate or prosecute any lawsuit or claim in anyway related to any arbitrable claim, including without limitation any claims as to the making, existence, validity, or enforceability of the agreement to arbitrate.

(c) Procedure. You agree that any arbitration will be administered by Judicial Arbitration & Mediation Services, Inc. (“JAMS”), pursuant to its employment arbitration rules and procedures (the “JAMS Rules”), which are available at [www.jamsadr.com/rules-employment-arbitration](http://www.jamsadr.com/rules-employment-arbitration). A neutral and impartial arbitrator shall have the power to decide any motions brought by any party to the arbitration, including motions for summary judgment and/or adjudication, motions to dismiss and demurrers, and motions related to discovery, prior to any arbitration hearing. You also agree that the arbitrator shall have the power to award any remedies available under applicable law. In the event that either party to this Agreement rejects a written offer to compromise from the other party, and fails to obtain a more favorable judgment or award, the arbitrator may award attorneys’ fees and costs to the party that made the offer to compromise in an amount that the arbitrator deems appropriate, taking into consideration the attorneys’ fees and costs (including expert fees) actually incurred and reasonably necessary to defend or prosecute the action. The arbitrator will not have the authority to disregard or refuse to enforce any lawful Company policy, and the arbitrator shall not order or require the Company to adopt a policy not otherwise required by law. You understand that the Company will pay the costs and fees of the arbitration that you initiate, but only those fees over and above the costs you would have incurred had you filed a complaint in a court of law. You agree that the arbitrator shall prepare a written decision containing the essential findings and conclusions on which the award is based. You agree that any arbitration under this Agreement shall be conducted in Boston, Massachusetts.

(d) Exclusive and Final Remedy. Except as provided by the JAMS Rules and this Agreement, arbitration shall be the sole, exclusive and final remedy for any dispute between you and the Company. Accordingly, except as provided for by the JAMS Rules and this Agreement, neither you nor the Company will be permitted to pursue court action regarding claims that are subject to arbitration. Nothing in this Agreement or in this provision is intended to waive the provisional relief remedies available under the JAMS Rules.

(e) Prohibition of Group Actions. Claims must be brought in your individual capacity, not as a representative or class member in any purported class or representative proceeding. The arbitrator shall not consolidate claims of different employees into one proceeding, nor shall the arbitrator have the power to hear arbitration as a class action.

(f) Voluntary Nature of Agreement. You acknowledge and agree that you are executing this Agreement voluntarily and without any duress or undue influence by the Company or anyone else. You further acknowledge and agree that you have carefully read this Agreement and have asked any questions needed for you to understand the terms, consequences, and binding effect of this Agreement and fully understand it, including that ***you are waiving your right to a jury trial***. Finally, you acknowledge that you have been advised by the Company to seek the advice of an attorney of your choice before signing this Agreement and you agree that you have been provided such an opportunity.

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## 11. General.

(a) Entire Agreement, Amendment and Waiver. This Agreement, together with the other agreements specifically referred to herein, embodies the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior oral or written agreements and understandings relating to the subject matter hereof, including but not limited to the offer letter between you and the Company dated December 18, 2023. The terms and provisions of this Agreement may be modified or amended only by written agreement executed by the parties hereto. The terms and provisions of this Agreement may be waived, or consent for the departure therefrom granted, only by written document executed by the party entitled to the benefits of such terms or provisions. Each such waiver or consent will be effective only in the specific instance and for the purpose for which it was given, and will not constitute a continuing waiver or consent.

(b) Notices. Any notice, request, instruction or other document required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified; (b) three (3) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (c) one (1) business day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the party to be notified at the following address of such party or at such other address as such party may designate by ten (10) days advance written notice to the other parties hereto in accordance with the provisions hereof:

If to the Company: Everbridge, Inc.

25 Corporate Drive  
Burlington, MA 01803  
Attention: Chief Executive Officer

with a copy to: Everbridge, Inc.

25 Corporate Drive  
Burlington, MA 01803 Attention: General Counsel

If to you:  
David Rockvam  
XXX  
XXX

(c) Availability of Injunctive Relief. The parties hereto agree that, notwithstanding anything to the contrary herein contained, any party may petition a court for injunctive relief where either party alleges or claims a violation of this Agreement or the Inventions Agreement or any other agreement regarding trade secrets, confidential information, noncompetition, non-solicitation or assignment of inventions. In the event either party seeks injunctive relief, the prevailing party shall be entitled to recover reasonable costs and attorney's fees.

(d) Assignment. The Company may assign its rights and obligations hereunder to any person or entity that succeeds to all or substantially all of the Company's business or that aspect of the Company's business in which you are principally involved. You may not assign your rights and obligations under this Agreement without the prior written consent of the Company.

(e) Governing Law. This Agreement, and the rights and obligations of the parties hereunder, will be construed in accordance with and governed by the law of the Commonwealth of Massachusetts, without giving effect to the conflict of law principles thereof.

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(f) Taxes. All payments to you under this Agreement shall be subject to all applicable federal, state and local withholding, payroll and other taxes.

(g) Severability. The finding by an arbitrator or a court of competent jurisdiction of the unenforceability, invalidity or illegality of any provision of this Agreement shall not render any other provision of this Agreement unenforceable, invalid or illegal. Such arbitrator or court shall have the authority to modify or replace the invalid or unenforceable term or provision with a valid and enforceable term or provision which most accurately represents the parties' intention with respect to the invalid or unenforceable term or provision. If moreover, any one or more of the provisions contained in this Agreement will for any reason be held to be excessively broad as to duration, geographic scope, activity or subject, it will be construed by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law as it will then appear.

(h) Interpretation; Construction. The headings set forth in this Agreement are for convenience of reference only and shall not be used in interpreting this Agreement. This Agreement has been drafted by legal counsel to the Company, but you have been encouraged to consult with, and have consulted with, your own independent counsel and tax advisors with respect to the terms of this Agreement. The parties acknowledge that each party and its counsel has reviewed and revised, or had an opportunity to review and revise, this Agreement, and the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

(i) Return of Company Property. Upon termination of this Agreement or earlier as requested by the Company, you shall deliver to the Company any and all equipment, and, at the election of the Company, either deliver or destroy, and certify thereto, any and all drawings, notes, memoranda, specifications, devices, formulas and documents, together with all copies, extracts and summaries thereof, and any other material containing or disclosing any Third Party Information or Proprietary Information (as defined in the Inventions Agreement) of the Company.

(j) Survival. The provisions of Sections 4, 6, 7, 8, 9 and 10, and the provisions of the Inventions Agreement, shall survive termination of this Agreement.

(k) Representations and Warranties. By signing this Agreement, you represent and warrant that (i) you are not restricted or prohibited, contractually or otherwise, from entering into and performing each of the terms and covenants contained in this Agreement, and (ii) your execution and performance of this Agreement shall not violate or breach any other agreements between you and any other person or entity, and (iii) you have provided the Company with copies of any written agreements presently in effect between you and any current or former employer. You further represent and warrant that you will not, during the term hereof, enter into any oral or written agreement in conflict with any of the provisions of this Agreement, the agreements referenced herein and the Company's policies.

(l) Confirmation of Employment Status. Prior to your first day of employment with the Company, and as a condition to such employment, you shall provide the Company with documentation of your eligibility to work in the United States, as required by the Immigration and Reform and Control Act of 1986.

(m) Trade Secrets of Others. It is the understanding of both the Company and you that you shall not divulge to the Company and/or its subsidiaries any confidential information or trade secrets belonging to others, including your former employers, nor shall the Company seek to elicit from you any such information. Consistent with the foregoing, you shall not provide to the Company and/or its affiliates, and the Company and/or its affiliates shall not request, any documents or copies of documents containing such information.

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(n) Telecopy Execution and Delivery. A facsimile, telecopy or other reproduction of this Agreement may be executed by one or more parties hereto and delivered by such party by facsimile or any similar electronic transmission device pursuant to which the signature of or on behalf of such party can be seen. Such execution and delivery shall be considered valid, binding and effective for all purposes. At the request of any party hereto, all parties hereto agree to execute and deliver an original of this Agreement as well as any facsimile, telecopy or other reproduction hereof.

(o) Counterparts. This Agreement may be executed in two counterparts, each of which shall be deemed an original, all of which together shall constitute one and the same instrument.

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EVERBRIDGE, INC.

Executive Employment Agreement -- Counterpart Signature Page

If the foregoing accurately sets forth our agreement, please so indicate by signing and returning to us the enclosed copy of this letter.

Very truly yours,

**EVERBRIDGE, INC.**

By: /s/ David J Wagner

Name: David J Wagner

Title: Chief Executive Officer

Date: Feb 8, 2024

ACCEPTED AND AGREED TO BY:

/s/ David Rockvam

David Rockvam

## Exhibit A

### **Duties and Responsibilities**

The Chief Financial Officer (CFO) is a key member of the senior management team and central to all operational, strategic, and reporting issues. He partners with the Chief Executive Officer (CEO) and executive team to provide strategic leadership for the company's long-term strategy. The CFO oversees and manages all aspects of the company's finance-related activities including corporate finance, FP&A, treasury, credit, cash management, tax, risk management, financial and managerial accounting, control, budgeting and forecasting, and financial reporting. He serves as a strategic visionary in leading and developing financial strategies based on sound technical skills, analytical ability, good judgment, and strong operational capabilities that will positively influence the operating results of the business.

#### **Essential Functions:**

1. Serve as both a financial and business advisor to the CEO, the board, and other members of the executive leadership team
  2. Provide daily direction and high quality, hands-on leadership to achieve business results and identify and attack key issues and opportunities.
  3. Partner with the CEO and other senior executives to bring a financial lens and forward-thinking perspective to key strategic and operational decisions.
  4. Contribute needed process management expertise and excellence to instill process disciplines and tools that can be applied across the company.
  5. Support a culture defined by high performance, accountability, collaboration, trust, and a focus on core metrics.
  6. Lead and direct all financial business planning including strategic plans, annual operating plans, business analyses, forecasting and reporting, and balance sheet management.
  7. Lead and drive the value creation initiatives within the company.
  8. Provide mentorship, guidance, and transparency to members of the finance function as well as direct reports.
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**Release Agreement**

This Release Agreement (“*Release*” or “*Agreement*”) is made as of February 4, 2024, by and between **Patrick Brickley** (“*you*”) and **Everbridge, Inc.** (the “*Company*”). A copy of this Release, substantially in the form contained herein, is an attachment to the Employment Agreement between the Company and you dated February 4, 2019 (the “*Employment Agreement*”). Capitalized terms not defined in this Agreement carry the definition found in the Employment Agreement.

**1. Transition and Separation Date.** Your last day of employment with the Company shall be March 15, 2024 (the “*Separation Date*”); provided, however, that effective February 5, 2024, you shall step down as Chief Financial Officer (the period between February 5, 2024, and the Separation Date being the “*Transition Period*”). During the Transition Period, your full-time employment will continue and you will be expected to reasonably assist with the transition of your duties to the newly appointed CFO and with such other reasonable transition related requests of the Company. During the Transition Period, you shall be permitted to perform your duties from your home or such locations of your choosing, and the Company shall provide you with continued access to your current administrative assistant. Regardless of whether you sign this Agreement, you will be paid all wages earned and payable, together with any accrued and unused paid time off (as governed by Company policy on pay at termination), through your last day of employment, subject to all applicable taxes and withholdings, no later than the next regularly scheduled payday following your separation, unless sooner as required by law. You will also be reimbursed for all necessary and reasonable business-related expenses incurred by you through the Separation Date, in accordance with Company policy.

**2. Separation Benefits.** In consideration of your agreements and undertakings in this Agreement, including but not limited to the Release set forth in Paragraph 6 below, and provided that you sign and do not revoke this Agreement and abide, in all material respects, by its terms (provided, that the Company shall provide you with written notice of any such failure to abide and not less than 30 days to cure, if curable) and are not terminated for Cause and do not voluntarily resign without Good Reason as defined in the Severance Plan (as defined below) during the Transition Period, the Company agrees to provide you with the following Separation Benefits (the “*Separation Benefits*”):

- a. The Company will pay you an amount equal to your current Base Salary for twelve (12) months, less all applicable withholdings and deductions, paid in equal installments on the Company’s normal payroll schedule beginning on the first regularly scheduled payroll date following the Separation Date;
  - b. The Company will pay you a cash lump sum amount equal to your earned but unpaid 2023 annual bonus, less all applicable withholdings and deductions, (calculated based upon the Company’s actual performance without application of any negative discretion and with any subjective goals being treated as achieved at the target level), payable within fifteen (15) days of the Separation Date; and
  - c. Provided that you timely elect continued coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (“**COBRA**”) for you and your covered dependents following your separation, the Company shall pay the full monthly COBRA premiums necessary to continue your and your covered dependents’ health insurance coverage that is in effect for you (and your covered dependents) as of the Separation Date. The COBRA coverage benefit will be paid on a monthly basis until the earliest of: (i) twelve (12) months after the Separation Date; (ii) the date when you become eligible for substantially equivalent health insurance coverage in connection with new employment or
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self-employment; or (iii) the date you cease to be eligible for COBRA continuation coverage for any reason, including plan termination (such period from the termination date through the earlier of (i)-(iii), the “**COBRA Payment Period**”). Notwithstanding the foregoing, if at any time the Company determines that its payment of COBRA premiums on your behalf would result in a violation of applicable law, then in lieu of paying COBRA premiums pursuant to this Section 2(b), the Company shall pay you on the last day of each remaining month of the COBRA Payment Period, a fully taxable cash payment equal to the COBRA premium for such month, less applicable federal, state and local payroll taxes and other withholdings required by law, for the remainder of the COBRA Payment Period.

You acknowledge and understand that these payments arise from the Everbridge, Inc. Severance Plan, dated August 5, 2022 (the “**Severance Plan**”), and are subject to the provisions therein, including but not limited to Section 5.4 thereof (Section 280G). In addition, you acknowledge that the Separation Benefits identified above constitute consideration to which you would not otherwise be entitled without executing this Agreement and satisfy any severance or other obligations contained in the Employment Agreement, the Severance Plan or other applicable Company plans. You further acknowledge that the consideration identified in this Section 2 is not earned until all conditions of receipt have been satisfied.

**3. Equity.** Any equity awards with respect to Company common stock (whether restricted stock units, performance stock units or otherwise) will continue to be governed by the terms of the equity plan and agreement pursuant to which they were granted, including but not limited to continued vesting during the Consulting Period (as defined below). For the avoidance of doubt, however, while your equity awards will continue to vest during the Consulting Period, you acknowledge that in no event shall any such awards be subject to accelerated vesting that otherwise would have applied in connection with a change in control, a termination of service or employment, or any other triggering event or events, whether pursuant to the terms of the award agreements, the Severance Plan, or any other otherwise applicable vesting acceleration provisions.

**4. Compliance with Section 409A.** The Separation Benefits offered to you by the Company are payable in reliance on Treasury Regulation Section 1.409A-1(b)(9) and the short-term deferral exemption in Treasury Regulation Section 1.409A-1(b)(4), are intended to be exempt from (and if not exempt from, compliant with) Code Section 409A, and will be interpreted accordingly. For purposes of Code Section 409A, your right to receive any installment payments (whether pay in lieu of notice, Separation Benefits, reimbursements or otherwise) shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment shall at all times be considered a separate and distinct payment. All payments and benefits are subject to applicable withholdings and deductions. In the event the parties in good faith determine that this Agreement or any payments referenced herein are not in compliance with Section 409A, the parties shall in good faith modify this Agreement (or any other agreements) to comply with Section 409A while endeavoring to maintain to the maximum extent possible the intended economic benefits.

**5. Consulting Agreement.** As additional consideration for the promises and covenants contained herein, the Company agrees to retain you to perform transition services for the Company as a consultant, in which role you shall provide consulting services to the Company as an independent contractor after the Separation Date, pursuant to the terms of the consulting agreement attached hereto as **Exhibit A** (the “**Consulting Agreement**”) (such period during which the Consulting Agreement is in effect and has not been terminated, the “**Consulting Period**”). Nothing in this Agreement or the Consulting Agreement pertaining to your anticipated role as a consultant shall in any way be construed to deem you as a continuing agent, officer, executive, or representative of the Company after the Separation Date, and you shall perform the services under the Consulting Agreement solely as an independent contractor.

**6. Release.** In exchange for the Separation Benefits and other consideration, to which you would not otherwise be entitled, and except as otherwise set forth in this Agreement, you, on behalf of

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yourself and, to the extent permitted by law, on behalf of your spouse, heirs, executors, administrators, assigns, insurers, attorneys and other persons or entities, acting or purporting to act on your behalf (collectively, the “**Employee Parties**”), hereby generally and completely release, acquit and forever discharge the Company, its parents and subsidiaries, and, in such official capacities, its and their officers, directors, managers, partners, agents, representatives, employees, attorneys, shareholders, predecessors, successors, assigns, insurers and affiliates (the “**Company Parties**”) of and from any and all claims, liabilities, demands, contentions, actions, causes of action, suits, costs, expenses, attorneys’ fees, damages, indemnities, debts, judgments, levies, executions and obligations of every kind and nature, in law, equity, or otherwise, both known and unknown, suspected and unsuspected, disclosed and undisclosed, arising out of or in any way related to agreements, events, acts or conduct at any time prior to and including the execution date of this Agreement, including but not limited to: all such claims and demands directly or indirectly arising out of or in any way connected with your employment with the Company or the termination of that employment; claims or demands related to salary, bonuses, commissions, stock, stock options, or any other ownership interests in the Company, vacation pay, fringe benefits, expense reimbursements, severance pay, or any other form of compensation; claims pursuant to any federal, state or local law, statute, or cause of action; tort law; or contract law (individually a “**Claim**” and collectively “**Claims**”). The Claims you are releasing and waiving in this Agreement include, but are not limited to, any and all Claims that any of the Company Parties:

- has violated its personnel policies, handbooks, contracts of employment, or covenants of good faith and fair dealing;
  - has discriminated against you on the basis of age, race, color, sex (including sexual harassment), national origin, ancestry, disability, religion, sexual orientation, marital status, parental status, source of income, entitlement to benefits, any union activities or other protected category in violation of any local, state or federal law, constitution, ordinance, or regulation, including but not limited to: Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1866 (42 U.S.C. 1981), the Civil Rights Act of 1991, the Genetic Information Nondiscrimination Act, Executive Order 11246, which prohibit discrimination based on race, color, national origin, religion, or sex; the Americans with Disabilities Act and Sections 503 and 504 of the Rehabilitation Act of 1973, which prohibit discrimination against the disabled, the Age Discrimination in Employment Act (ADEA), which prohibits discrimination based on age, the Older Workers Benefit Protection Act, the National Labor Relations Act, the Lily Ledbetter Fair Pay Act, the anti-retaliation provisions of the Sarbanes-Oxley Act, or any other federal or state law regarding whistleblower retaliation; the Massachusetts Fair Employment Practices Act (M.G.L. c. 151B), the Massachusetts Equal Rights Act, the Massachusetts Equal Pay Act, the Massachusetts Privacy Statute, the Massachusetts Sick Leave Law, the Massachusetts Civil Rights Act, all as amended, and any and all other federal, state or local laws, rules, regulations, constitutions, ordinances or public policies, whether known or unknown, prohibiting employment discrimination;
  - has violated any employment statutes, such as the WARN Act, which requires that advance notice be given of certain workforce reductions; the Employee Retirement Income Security Act of 1974 (ERISA) which, among other things, protects employee benefits; the Fair Labor Standards Act of 1938, which regulates wage and hour matters; the National Labor Relations Act, which protects forms of concerted activity; the Family and Medical Leave Act of 1993, which requires employers to provide leaves of absence under certain circumstances; the Fair Credit Reporting Act, the Employee Polygraph Protection Act, the Massachusetts Payment of Wages Act (M.G.L. c. 149 sections 148 and 150), the Massachusetts Overtime regulations (M.G.L. c. 151 sections 1A and 1B), the Massachusetts Meal Break regulations (M.G.L. c. 149 sections 100 and 101), all as
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amended, and any and all other federal, state or local laws, rules, regulations, constitutions, ordinances or public policies, whether known or unknown relating to employment laws, such as veterans' reemployment rights laws; or

- has violated any other laws, such as federal, state, or local laws providing workers' compensation benefits, restricting an employer's right to terminate employees, or otherwise regulating employment; any federal, state or local law enforcing express or implied employment contracts or requiring an employer to deal with employees fairly or in good faith; any other federal, state or local laws providing recourse for alleged wrongful discharge, retaliatory discharge, negligent hiring, retention, or supervision, physical or personal injury, emotional distress, assault, battery, false imprisonment, fraud, negligent misrepresentation, defamation, intentional or negligent infliction of emotional distress and/or mental anguish, intentional interference with contract, negligence, detrimental reliance, loss of consortium to you or any member of your family, whistleblowing, and similar or related claims.

Notwithstanding any provision of this Agreement to the contrary, by executing this release, you are not releasing (i) any claims relating to your rights under this Agreement, (ii) any claims as a stockholder of the Company, (iii) any claims that cannot be waived by law, or (iv) your rights of indemnification as provided by, and in accordance with the terms of, the Company's by-laws, other plans or agreements, by law, or a Company insurance policy providing directors' and officers' liability insurance coverage, as any of such may be amended from time to time.

**7. Protected Activities.** Notwithstanding the foregoing, other than events expressly contemplated by this Agreement, you do not waive or release rights or Claims that may arise from events that occur after the date this Release is executed. Also excluded from this Agreement are any Claims which cannot be waived by law, including, without limitation, any rights you may have under applicable workers' compensation laws. Nothing in this Agreement shall prevent you from filing, cooperating with, or participating in any proceeding or investigation before the Equal Employment Opportunity Commission, United States Department of Labor, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal government agency, or similar state or local agency ("**Government Agencies**"), or exercising any rights pursuant to Section 7 of the National Labor Relations Act. You further understand this Agreement does not limit your ability to voluntarily communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. While this Agreement does not limit your right to receive an award for information provided to the Securities and Exchange Commission, you understand and agree that you are otherwise waiving, to the fullest extent permitted by law, any and all rights you may have to individual relief based on any Claims that you have released and any rights you have waived by signing this Agreement. If any Claim is not subject to release, to the extent permitted by law, you waive any right or ability to be a class or collective action representative or to otherwise participate in any putative or certified class, collective or multi-party action or proceeding based on such a Claim in which any of the Company Parties is a party. This Agreement does not abrogate your existing rights under any Company benefit plan or any plan or agreement related to equity ownership in the Company; however, it does waive, release and forever discharge Claims existing as of the date you execute this Agreement pursuant to any such plan or agreement.

**8. Your Acknowledgments and Affirmations.** You also acknowledge and agree that (i) the consideration given to you in exchange for the waiver and release in this Agreement is in addition to anything of value to which you were already entitled, and (ii) subject to the payments and benefits contemplated in this Agreement, that you have been paid for all time worked, have received all the leave,

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leaves of absence and leave benefits and protections for which you are eligible, and have not suffered any on-the-job injury for which you have not already filed a Claim. You affirm that all of the decisions of the Company Parties regarding your pay and benefits through the date of your execution of this Agreement were not discriminatory based on age, disability, race, color, sex, religion, national origin or any other classification protected by law. You affirm that you have not filed or caused to be filed, and are not presently a party to, a Claim against any of the Company Parties. You further affirm that you have no known workplace injuries or occupational diseases. You acknowledge and affirm that you have not been retaliated against for reporting any allegation of corporate fraud or other wrongdoing by any of the Company Parties, or for exercising any rights protected by law, including any rights protected by the Fair Labor Standards Act, the Family Medical Leave Act or any related statute or local leave or disability accommodation laws, or any applicable state workers' compensation law.

**9.ADEA Waiver.** You acknowledge that you are knowingly and voluntarily waiving and releasing any rights you may have under the ADEA ("**ADEA Waiver**"). You also acknowledge that the consideration given for the ADEA Waiver is in addition to anything of value to which you were already entitled. You further acknowledge that you have been advised by this writing, as required by the ADEA, that: (a) your release and waiver herein does not apply to any rights or claims that arise after the date you sign this Agreement; (b) you should consult with an attorney prior to signing this Agreement; (c) you have twenty-one (21) days to consider this Agreement (although you may choose to voluntarily sign it sooner); (d) you have seven (7) days following the date you sign this Agreement to revoke it (by sending written revocation directly to the Company's Cara Antonacci, Chief People Officer); and (e) the Agreement will not be effective until the date upon which the revocation period has expired unexercised, which will be the eighth day after you sign this Agreement (the "**Effective Date**").

**10.Return of Company Property.** By the Separation Date, you agree to return to the Company all Company documents (and all copies thereof) and other Company property that you have had in your possession at any time, including, but not limited to, Company files, notes, drawings, records, business plans and forecasts, financial information, specifications, computer-recorded information, tangible property (including, but not limited to, computers), credit cards, entry cards, identification badges and keys; and, any materials of any kind that contain or embody any proprietary or confidential information of the Company (and all reproductions thereof). Please coordinate return of Company property with Cara Antonacci, Chief People Officer. Receipt of the Separation Benefits described in Section 2 of this Agreement is expressly conditioned upon return of all Company property. Notwithstanding the foregoing, you may retain your address book to the extent it only contains contact information.

**11.Confidential Information, Non-Competition and Non-Solicitation Obligations.** You acknowledge and reaffirm your continuing obligations under your Confidential Information and Inventions Agreement ("**CIIA**") not to use or disclose any confidential or proprietary information of the Company, among other obligations and which is incorporated herein by reference. You further acknowledge that you shall comply with your post-employment non-competition and non-solicitation restrictions contained in the Employment Agreement, provided that any post-employment restricted periods will commence as of the date of this Agreement. The Company acknowledges that you will be permitted to disclose and will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, in the event that you file a lawsuit for retaliation by the Company for reporting a suspected violation of law, you may disclose the trade secret to your attorney and use the trade secret information in the court proceeding, if you: (A) file any document containing the trade secret under seal; and (B) do not disclose the trade secret, except pursuant to court order.

**12.Confidentiality.** The provisions of this Agreement will be held in strictest confidence by you and will not be publicized or disclosed in any manner whatsoever; provided, however, that: (a) you

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may disclose this Agreement to your immediate family; (b) you may disclose this Agreement in confidence to your attorney, accountant, auditor, tax preparer, and financial advisor; (c) you may disclose this Agreement insofar as such disclosure may be necessary to enforce its terms, as otherwise required by law, or in connection with any governmental agency or commission investigation or proceeding; and (d) you may disclose this Agreement to the extent permitted by the "Protected Activities" Section above or in furtherance of your rights under Section 7 of the National Labor Relations Act.

**13.Non-Disparagement.** You agree not to disparage the Company, and the Company's directors, employees, and affiliates, in any manner intended to or that would reasonably be expected to be harmful to them or their business, business reputation or personal reputation; provided that you will respond accurately and fully to any question, inquiry or request for information when required by legal process or if reasonably appropriate in connection with legal process between you and the Company or its affiliates. Notwithstanding the foregoing, nothing in this Agreement shall limit your right to voluntarily communicate with the Equal Employment Opportunity Commission, United States Department of Labor, the National Labor Relations Board, other federal government agency or similar state or local agency. In addition, nothing in this provision or this Agreement prohibits or restrains you from making disclosures protected under the whistleblower provisions of federal or state law or from exercising your rights to engage in protected speech under Section 7 of the National Labor Relations Act, if applicable. The Company will not in any official statement, press release or public announcement disparage you or your personal or professional reputation, integrity, competence, good character, or professionalism and shall instruct its current executive officers and board members to do the same. This Section 13 shall not be violated by statements made by one party to correct or refute false or misleading statements made about such party by the other party hereto.

**14.No Admission.** This Agreement does not constitute an admission by the Company or you of any wrongful action or violation of any federal, state, or local statute, or common law rights, including those relating to the provisions of any law or statute concerning employment actions, or of any other possible or claimed violation of law or rights. The Company, on behalf of the Company Parties and their successors and assigns, represents that, as of the date of this Agreement, there are no known claims, demands, causes of actions, fees and liabilities of any kind whatsoever, which it or they had, now have or may have against you, by reason of any actual or alleged act, omission, transaction, practice, conduct, statement, occurrence, or any other matter related to your employment with the Company or otherwise.

**15.Breach.** You agree that upon any material breach of this Agreement you will forfeit all amounts paid or owing to you under this Agreement (provided, that, the Company shall provide you with written notice of any such breach and not less than 30 days to cure, if curable). Further, you acknowledge that it may be impossible to assess the damages caused by your violation of the terms of Sections 10, 11, 12 and 13 of this Agreement and further agree that any threatened or actual violation or breach of those Sections of this Agreement will constitute immediate and irreparable injury to the Company. You therefore agree that any such breach of this Agreement is a material breach of this Agreement, and, in addition to any and all other damages and remedies available to the Company upon your breach of this Agreement, the Company shall be entitled to seek an injunction to prevent you from violating or breaching this Agreement. You agree that if the Company is successful in whole or part in any legal or equitable action against you under this Agreement, you agree that the Company may seek an award requiring you to pay all of the costs, including reasonable attorneys' fees, incurred by the Company in enforcing the terms of this Agreement.

**16.Indemnification.** You will be indemnified to the maximum extent permitted by applicable law and the organizational and operation agreements of the Company and its respective affiliates for your services rendered as an officer and/or director and shall be covered by any applicable directors' and officers' liability insurance policy(ies) procured by the Company and its affiliates from time to time. Such coverage and indemnification shall continue during your employment and the Consulting Period and thereafter, while liability may exist, on the same basis as other current and former directors and officers of the Company and

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only to the extent permitted by applicable law and the applicable agreements and policies.

**17.Miscellaneous.** This Agreement constitutes the complete, final and exclusive embodiment of the entire agreement between you and the Company with regard to this subject matter. It is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein, and it supersedes any other such promises, warranties or representations. This Agreement may not be modified or amended except in a writing signed by both you and a duly authorized officer of the Company. This Agreement will bind the heirs, personal representatives, successors and assigns of both you and the Company, and inure to the benefit of both you and the Company, their heirs, successors and assigns. In the event of your death, the Company shall provide your estate (or beneficiaries) with any payments due to you under this Agreement. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination will not affect any other provision of this Agreement and the provision in question will be modified by the court so as to be rendered enforceable. This Agreement will be deemed to have been entered into and will be construed and enforced in accordance with the laws of the Commonwealth of Massachusetts as applied to contracts made and to be performed entirely within Massachusetts.

**EVERBRIDGE, INC.**

By: /s/ Noah Webster Feb 4, 2024  
Noah Webster

/s/ Patrick Brickley Feb 4, 2024  
Patrick Brickley

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**Exhibit A Consulting  
Agreement**

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## CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT (this “*Agreement*”) is entered into as of March 15, 2024, by and between Everbridge, Inc. (“*Everbridge*”) and Patrick Brickley (“*Consultant*”). The parties hereby agree as follows:

1. Engagement. Subject to the terms and conditions of this Agreement, Everbridge hereby engages Consultant as an independent agent and consultant to Everbridge, and Consultant hereby agrees to perform the services set forth herein and accepts such engagement. In consideration of the opportunity to enter into this Agreement, Consultant hereby reaffirms the Release of claims contained in Section 6 of the Release Agreement between Consultant and Everbridge dated February 4, 2024, through the Separation Date, as defined therein.
2. Duties, Term, and Compensation. Consultant’s duties, term of engagement, compensation and provisions for payment thereof are set forth in Exhibit A or a statement of work attached to this Agreement, which may be amended in writing from time to time with the written consent of both parties, and which is incorporated by reference.
3. Expenses. During the term of this Agreement, Consultant shall bill and Everbridge shall reimburse Consultant for all reasonable, out-of-pocket expenses pre-approved by Everbridge in writing and incurred in connection with the performance of the duties hereunder, but only upon presentation of sufficient evidence of such expenditures. Any travel required by Consultant to perform his duties hereunder shall be at the same class level provided to Consultant as of the date hereof.
4. Continuing Obligations. The covenants and post-employment restrictions in Consultant’s previously executed Confidential Information and Inventions Agreement dated May 18, 2015 (the “*CIIAA*”), as well as those contained in Consultant’s Employment Agreement with the Company dated February 4, 2019 (“*Employment Agreement*”), including but not limited to confidentiality, non-disclosure, and inventions assignment, shall remain in full force and effect according to their terms and applied to the Services provided hereunder, subject to the terms of the Release Agreement by and between Everbridge and the Consultant (the “*Release*”). The CIIAA and the restrictive covenants contained in the Employment Agreement shall be incorporated herein by reference and Consultant agrees to comply with and to be subject to all such covenants and post-employment restrictions and obligations contained therein both during and after the termination of this Agreement (provided, that, Everbridge shall provide Consultant with written notice of any alleged breach and not less than 30 days to cure, if curable).
5. Third-Party Information. Consultant recognizes that Everbridge has received and in the future will receive from third parties confidential or proprietary information of such third parties subject to a duty on the part of Everbridge to maintain the confidentiality of such information and to use it only for certain limited purposes. Consultant agrees that he owes Everbridge, during the term of this Agreement and thereafter, a duty to hold all such confidential or proprietary information in confidence and not to disclose it to any person or entity or to use it except as necessary in carrying out the services or as required by applicable law, court order or subpoena or governmental or regulatory investigation.
6. Conflicts of Interest; Representations. Consultant represents and warrants that Consultant is free to enter into this Agreement, and that this engagement does not violate the terms of any agreement between Consultant and any third party. During the term of this Agreement, Consultant shall devote as much of his time to the performance of his duties hereunder as is necessary to perform the required duties in a timely and productive manner. Consultant is permitted to seek or accept other employment or provide other services during the term of this Agreement; provided, that, Consultant agrees during the term of this Agreement not to accept work or enter into a contract or accept an obligation inconsistent or incompatible with Consultant’s obligations under this Agreement or the scope of services to be rendered by Consultant under this Agreement.

7. Non-Solicit; Non-Interference. During the term of this Agreement, and for one (1) year thereafter, Consultant shall not either alone or in association with others (i) directly or indirectly solicit or encourage to leave Everbridge's employment or otherwise cease to provide Everbridge with contracted services, any employee, consultant, or contractor of Everbridge, or (ii) solicit competing business (as defined in the Employment Agreement) from any customer, vendor, supplier, partner, licensee or business relation of Everbridge or any of its subsidiaries, or induce or attempt to induce, any such entity or individual to cease doing business with Everbridge or in any way interfere with the relationship between any such entity or individual and Everbridge. In addition, during the term of this Agreement, Consultant shall not perform competitive services for any of the individuals or entities referenced above. The foregoing restrictions shall not be violated by general non-targeted advertising and marketing or by general recruiting and job-postings that are not directed at employees of Everbridge or from providing a reference to a third-party employer, upon request.

8. Termination. The Agreement will automatically terminate upon expiration of the term of the Agreement as set forth in Exhibit A or a statement of work attached hereto, unless renewed or extended pursuant to such exhibit or statement of work. In addition, if Consultant is (i) convicted of any crime (including moral turpitude, dishonesty or otherwise related to the performance of Consultant's duties), (ii) fails or refuses to comply with the written policies or reasonable directive of Everbridge, (iii) is guilty of serious misconduct in connection with performance hereunder, or (iv) materially breaches any provisions of this Agreement or the CIIAA (each of clauses (i) through (iv) above, "**Cause**"), Everbridge at any time may terminate the engagement of Consultant immediately and without prior written notice to Consultant. For termination made pursuant to the previous sentence, Everbridge shall only owe Consultant for work performed and fees due as of the date notice of termination is provided, except as mutually agreed upon in writing by Everbridge and Consultant. Consultant shall not be terminated pursuant to clauses (ii) through (iv) above absent written notice from Everbridge and not less than thirty (30) days to cure, if curable. Consultant may only terminate this Agreement upon not less than thirty (30) days' written notice to Everbridge. For termination made by Consultant, Everbridge shall only owe Consultant for work performed and fees due as of the date notice of termination is provided, except as mutually agreed upon in writing by Everbridge and Consultant.

9. Representations. Consultant represents and warrants that: (a) the Services (as defined in Exhibit A hereto) will be performed in a professional manner; (b) Consultant will comply with all applicable federal, state, local and foreign laws governing self-employed individuals, including laws requiring the payment of taxes, such as income and employment taxes, and social security, disability, and other contributions; and (c) Consultant shall be subject to all Everbridge policies that apply to independent contractors generally, as adopted or modified from time to time, including, without limitation, Everbridge's policies against unlawful harassment and regarding compliance with applicable securities law; provided, that Everbridge shall provide Consultant with all such applicable policies and any applicable modifications. From time to time, Consultant may be required to confirm in writing that Consultant has read and understands certain policies. Everbridge reserves the right to modify or alter its policies in its sole discretion. Consultant agrees to indemnify and hold Client harmless from any and all damages, costs, claims, expenses or other liability (including reasonable attorneys' fees) arising from or relating to the breach or alleged breach by Consultant of the representations and warranties set forth in this Section 9.

10. Independent Contractor. It is understood and agreed to by the parties hereto that Consultant's services shall be performed as an independent contractor and nothing in this Agreement should be construed to render Consultant an employee, partner or agent of Everbridge for any purpose. Consultant is and will remain an independent contractor in his relationship to Everbridge. Consultant is not the agent of Everbridge and is not authorized to make any representation, contract or commitment on behalf of Everbridge. Consultant shall have no claim against Everbridge hereunder or otherwise for any of the benefits which Everbridge may make available to its employees, such as but not limited to, vacation pay, sick leave, retirement benefits, social security, worker's compensation, health or disability benefits, unemployment insurance benefits or employee benefits of any kind. It is further agreed and understood that no part of any compensation payable to Consultant hereunder shall be subject to withholding by Everbridge for the

payment of any Social Security, federal, state or any other employee payroll taxes. Consultant agrees to accept exclusive liability for complying with all applicable state and federal laws governing self-employed individuals.

11. Notice. Any and all notices required or desired to be given under this Agreement by any party shall be in writing and shall be validly given or made to another party if personally served, or if deposited in the United States mail, certified or registered, postage prepaid, return receipt requested, as follows:

If to Consultant:  
Patrick Brickley  
Address

If to Everbridge:  
Everbridge, Inc.  
25 Corporate Drive  
Burlington, MA 01803  
Attention: General Counsel

Any party hereto may change its address for purposes of this paragraph by written notice given in the manner provided above.

12. Miscellaneous. All of the provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and assigns, if any. Waiver by one party hereto of breach of any provision of this Agreement by the other shall not operate or be construed as a continuing waiver and any failure or neglect by either party to enforce any of the provisions hereof shall not be construed, nor shall be deemed to be a waiver of such party's rights hereunder, nor in any way affect the validity of the whole or any part of this Agreement. No amendment, change or modification of this Agreement shall be valid unless in writing signed by the parties hereto. Consultant shall not assign any rights under this Agreement, or delegate the performance of any duties hereunder, without the prior written consent of Everbridge. This Agreement, including any Exhibits attached hereto, constitutes the entire understanding and agreement of the parties, and supersedes any and all agreements, understandings, promises and representations made or existing between the parties hereto, which shall have no further force and effect. If any provision of this Agreement, or any portion thereof, is held to be invalid and unenforceable, then the remainder of this Agreement shall nevertheless remain in full force and effect. This Agreement shall be governed by, and construed and interpreted under, the laws of the Commonwealth of Massachusetts without reference to conflicts of laws principles.

IN WITNESS WHEREOF the undersigned have executed this Agreement as of the day and year first written above.

EVERBRIDGE, INC.

By:	<u>/s/ Noah Webster</u>	<u>/s/ Patrick Brickley</u>
Name:	Noah Webster	Patrick Brickley
Title:	CLO	

**EXHIBIT A**  
**TO CONSULTING AGREEMENT DUTIES, TERM, AND**  
**COMPENSATION**

**DUTIES:**

During the term of this Agreement, Consultant shall assist Everbridge with the following matters (the “*Services*”):

- Transition support for the new Everbridge CFO
- Consultation with the Everbridge CEO and Legal and Finance teams
- Litigation support, including potentially as a witness
- Other services as mutually agreed

Consultant shall be permitted to provide the Services from a location (or locations) of his choosing, subject to any required in-person meetings upon reasonable notice from Everbridge, and Everbridge shall provide Consultant with continued access to his current administrative assistant.

During the Consulting Period, Consultant may continue to use his company laptop and will continue to have access to company email.

**TERM:**

This engagement shall commence on March 15, 2024, and shall continue in full force and effect through December 31, 2024, unless terminated earlier in accordance with the terms contained herein (the “*Term*”).

**COMPENSATION:**

Consultant agrees to dedicate not more than twenty (20) hours per month to the Services. Consultant shall be paid \$5,000 per month for the Services (the “*Fees*”), prorated for any partial month of Services. The Fees will be paid monthly in arrears, on or within fifteen (15) days after the end of the month during which the Services are performed. Notwithstanding the above, the parties may mutually agree to increase Consultant’s monthly hours. For any day in which Services are performed after having reached twenty (20) hours in the applicable month, Consultant shall be paid a daily rate of \$1,500. The parties agree that it is not expected that the services will require more than eight (8) hours per week.

Notwithstanding anything herein to the contrary, in no event will the Consultant be expected to perform, or will Consultant perform, services that exceed twenty percent (20%) of the average level of bona fide services that Consultant provided to Everbridge during the final thirty-six (36) months of his employment with Everbridge (the intent of the foregoing is Consultant will have incurred a “separation from service, within the meaning of Section 409A, from the Company on the date of termination of employment).

Consistent with the terms of Everbridge’s 2016 Equity Incentive Plan and related forms of agreement, the restricted stock units (“*RSUs*”) and performance stock units (“*PSUs*”) previously granted by Everbridge to

Consultant will continue to vest during the Term, except as provided herein.

In the event that Everbridge terminates this engagement other than for Cause, then Everbridge will pay to Consultant the Fees that would have been payable for the remainder of the scheduled Term, and Consultant's outstanding Everbridge equity awards shall be treated as if he had continued to provide services through the end of the scheduled Term.

For sake of clarity and avoidance of doubt, Consultant acknowledges and agrees that at no time is Consultant eligible for overtime pay or any other type of increased pay rate based on the number of hours worked. Consultant shall not be eligible for **additional** compensation for time spent traveling to and from Everbridge facilities, provided travel time will count as time in the performance of Services.

Everbridge will issue Consultant an IRS Tax Form 1099 for all services rendered under this Agreement. Consultant represents its Social Security Number/EIN to be provided via Form W-9.

AMENDMENT  
TO  
EVERBRIDGE, INC.  
2022 INDUCEMENT PLAN

WHEREAS, by action of the Board of Directors of Everbridge, Inc., a Delaware corporation (the “*Company*”), as of December 16, 2022, the Company adopted its 2022 Inducement Plan (the “*Plan*”);

WHEREAS, the Plan currently provides for 600,000 shares of common stock to be reserved for issuance under the Plan; and

WHEREAS, the Company now wishes to amend the Plan to increase the number of shares of common stock reserved for issuance under the Plan by 147,490 shares to an aggregate of 747,490 shares.

NOW THEREFORE, effective immediately, the Plan is amended as follows:

1. Section 3(a) of the Plan is hereby amended and restated in its entirety as follows:

“(a) **Share Reserve.** Subject to Section 9(a) relating to Capitalization Adjustments, the aggregate number of shares of Common Stock that may be issued pursuant to Stock Awards will not exceed 747,490 shares (the “*Share Reserve*”).

2. Except as set forth in this amendment, the Plan shall be unaffected hereby and shall remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

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**IN WITNESS WHEREOF**, the Company has caused this Amendment to the Plan to be executed this 26<sup>th</sup> day of February, 2024.

/s/ Noah F. Webster  
Noah F. Webster  
*Chief Legal and Compliance Officer*

[SIGNATURE PAGE TO EVERBRIDGE, INC.  
AMENDMENT TO 2022 INDUCEMENT PLAN]

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**Release Agreement**

This Release Agreement (“*Release*” or “*Agreement*”) is made as of March 22, 2024, by and between **Phillip Huff** (“*you*”) and **Everbridge, Inc.** (the “*Company*”).

**1. Separation Date.** Your last day of employment with the Company shall be March 22, 2024 (the “*Separation Date*”). Regardless of whether you sign this Agreement, you will be paid all wages earned and payable, together with any accrued and unused paid time off (as governed by Company policy on pay at termination), through your last day of employment, subject to all applicable taxes and withholdings, no later than the next regularly scheduled payday following your separation, unless sooner as required by law. You will also be reimbursed for all necessary and reasonable business-related expenses incurred by you through the Separation Date, in accordance with Company policy.

**2. Separation Benefits.** In consideration of your agreements and undertakings in this Agreement, including but not limited to the Release set forth in Paragraph 6 below, and provided that you sign and do not revoke this Agreement and abide, in all material respects, by its terms (provided, that the Company shall provide you with written notice of any such failure to abide and not less than 30 days to cure, if curable), the Company agrees to provide you with the following Separation Benefits (the “*Separation Benefits*”):

- a. The Company will pay you an amount equal to your current Base Salary for six (6) months, less all applicable withholdings and deductions, paid in equal installments on the Company’s normal payroll schedule beginning on the first regularly scheduled payroll date following the Effective Date of this Agreement (as defined below);
- b. The Company will pay you a cash lump sum amount equal to one-third of your 2023 annual bonus, less all applicable withholdings and deductions (calculated based on the Company’s actual performance without application of any negative discretion and with any subjective goals being treated as achieved at the target level) payable within fifteen (15) days of the Effective Date; and
- c. Provided that you timely elect continued coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (“**COBRA**”) for you and your covered dependents following your separation, the Company shall pay the full monthly COBRA premiums necessary to continue your and your covered dependents’ health insurance coverage that is in effect for you (and your covered dependents) as of the Separation Date. The COBRA coverage benefit will be paid on a monthly basis until the earliest of: (i) six (6) months after the Separation Date; (ii) the date when you become eligible for substantially equivalent health insurance coverage in connection with new employment or self-employment; or (iii) the date you cease to be eligible for COBRA continuation coverage for any reason, including plan termination (such period from the termination date through the earlier of (i)-(iii), the “**COBRA Payment Period**”). Notwithstanding the foregoing, if at any time the Company determines that its payment of COBRA premiums on your behalf would result in a violation of applicable law, then in lieu of paying COBRA premiums pursuant to this Section 2(b), the Company shall pay you on the last day of each remaining month of the COBRA Payment Period, a fully taxable cash payment equal to the COBRA premium for such month, less applicable federal, state and local payroll taxes and other withholdings required by law, for the remainder of the COBRA Payment Period.

You acknowledge and understand that these payments arise from the Everbridge, Inc. Severance Plan, dated

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August 5, 2022 (the “**Severance Plan**”), and are subject to the provisions therein, including but not limited to Section 5.4 thereof (Section 280G). In addition, you acknowledge that the Separation Benefits identified above constitute consideration to which you would not otherwise be entitled without executing this Agreement and satisfy any severance or other obligations contained in any employment agreement you have with the company, the Severance Plan (including those contained in Section 4.2.1(b) thereof), or other applicable Company plans. You further acknowledge that the consideration identified in this Section 2 is not earned until all conditions of receipt have been satisfied.

**3. Equity.** Any equity awards with respect to Company common stock (whether restricted stock units, performance stock units or otherwise) will continue to be governed by the terms of the equity plan and agreement pursuant to which they were granted, including but not limited to continued vesting during the Consulting Period (as defined below). For the avoidance of doubt, however, while your equity awards will continue to vest during the Consulting Period, you acknowledge that in no event shall any such awards be subject to accelerated vesting that otherwise would have applied in connection with a change in control, a termination of service or employment, or any other triggering event or events, whether pursuant to the terms of the award agreements, the Severance Plan, or any other otherwise applicable vesting acceleration provisions.

**4. Compliance with Section 409A.** The Separation Benefits offered to you by the Company are payable in reliance on Treasury Regulation Section 1.409A-1(b)(9) and the short-term deferral exemption in Treasury Regulation Section 1.409A-1(b)(4), are intended to be exempt from (and if not exempt from, compliant with) Code Section 409A, and will be interpreted accordingly. For purposes of Code Section 409A, your right to receive any installment payments (whether pay in lieu of notice, Separation Benefits, reimbursements or otherwise) shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment shall at all times be considered a separate and distinct payment. All payments and benefits are subject to applicable withholdings and deductions. In the event the parties in good faith determine that this Agreement or any payments referenced herein are not in compliance with Section 409A, the parties shall in good faith modify this Agreement (or any other agreements) to comply with Section 409A while endeavoring to maintain to the maximum extent possible the intended economic benefits.

**5. Consulting Agreement.** As additional consideration for the promises and covenants contained herein, the Company agrees to retain you to perform transition services for the Company as a consultant, in which role you shall provide consulting services to the Company as an independent contractor after the Separation Date, pursuant to the terms of the consulting agreement attached hereto as **Exhibit A** (the “**Consulting Agreement**”) (such period during which the Consulting Agreement is in effect and has not been terminated, the “**Consulting Period**”). Nothing in this Agreement or the Consulting Agreement pertaining to your anticipated role as a consultant shall in any way be construed to deem you as a continuing agent, officer, executive, or representative of the Company after the Separation Date, and you shall perform the services under the Consulting Agreement solely as an independent contractor.

**6. Release.** In exchange for the Separation Benefits and other consideration, to which you would not otherwise be entitled, and except as otherwise set forth in this Agreement, you, on behalf of yourself and, to the extent permitted by law, on behalf of your spouse, heirs, executors, administrators, assigns, insurers, attorneys and other persons or entities, acting or purporting to act on your behalf (collectively, the “**Employee Parties**”), hereby generally and completely release, acquit and forever discharge the Company, its parents and subsidiaries, and, in such official capacities, its and their officers, directors, managers, partners, agents, representatives, employees, attorneys, shareholders, predecessors, successors, assigns, insurers and affiliates (the “**Company Parties**”) of and from any and all claims, liabilities, demands, contentions, actions, causes of action, suits, costs, expenses, attorneys’ fees, damages, indemnities, debts, judgments, levies, executions and obligations of every kind and nature, in law, equity, or otherwise, both known and unknown, suspected and unsuspected, disclosed and undisclosed, arising out of or in any way related to agreements, events, acts or conduct at any time prior to and including the

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execution date of this Agreement, including but not limited to: all such claims and demands directly or indirectly arising out of or in any way connected with your employment with the Company or the termination of that employment; claims or demands related to salary, bonuses, commissions, stock, stock options, or any other ownership interests in the Company, vacation pay, fringe benefits, expense reimbursements, severance pay, or any other form of compensation; claims pursuant to any federal, state or local law, statute, or cause of action; tort law; or contract law (individually a “**Claim**” and collectively “**Claims**”). The Claims you are releasing and waiving in this Agreement include, but are not limited to, any and all Claims that any of the Company Parties:

- has violated its personnel policies, handbooks, contracts of employment, or covenants of good faith and fair dealing;
  - has discriminated against you on the basis of age, race, color, sex (including sexual harassment), national origin, ancestry, disability, religion, sexual orientation, marital status, parental status, source of income, entitlement to benefits, any union activities or other protected category in violation of any local, state or federal law, constitution, ordinance, or regulation, including but not limited to: Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1866 (42 U.S.C. 1981), the Civil Rights Act of 1991, the Genetic Information Nondiscrimination Act, Executive Order 11246, which prohibit discrimination based on race, color, national origin, religion, or sex; the Americans with Disabilities Act and Sections 503 and 504 of the Rehabilitation Act of 1973, which prohibit discrimination against the disabled, the Age Discrimination in Employment Act (ADEA), which prohibits discrimination based on age, the Older Workers Benefit Protection Act, the National Labor Relations Act, the Lily Ledbetter Fair Pay Act, the anti-retaliation provisions of the Sarbanes-Oxley Act, or any other federal or state law regarding whistleblower retaliation; the California Labor Code, the California Family Rights Act, the California Fair Employment and Housing Act , and any and all other federal, state or local laws, rules, regulations, constitutions, ordinances or public policies, whether known or unknown, prohibiting employment discrimination;
  - has violated any employment statutes, such as the WARN Act, which requires that advance notice be given of certain workforce reductions; the Employee Retirement Income Security Act of 1974 (ERISA) which, among other things, protects employee benefits; the Fair Labor Standards Act of 1938, which regulates wage and hour matters; the National Labor Relations Act, which protects forms of concerted activity; the Family and Medical Leave Act of 1993, which requires employers to provide leaves of absence under certain circumstances; the Fair Credit Reporting Act, the Employee Polygraph Protection Act , , and any and all other federal, state or local laws, rules, regulations, constitutions, ordinances or public policies, whether known or unknown relating to employment laws, such as veterans’ reemployment rights laws; or  
has violated any other laws, such as federal, state, or local laws providing workers’ compensation benefits, restricting an employer’s right to terminate employees, or otherwise regulating employment; any federal, state or local law enforcing express or implied employment contracts or requiring an employer to deal with employees fairly or in good faith; any other federal, state or local laws providing recourse for alleged wrongful discharge, retaliatory discharge, negligent hiring, retention, or supervision, physical or personal injury, emotional distress, assault, battery, false imprisonment, fraud, negligent misrepresentation, defamation, intentional or negligent infliction of emotional distress and/or mental anguish, intentional interference with contract, negligence, detrimental reliance, loss of consortium to you or any member of your family, whistleblowing, and similar or related claims. **You acknowledge that you have been advised, as required by California Government Code Section 12964.5(b)(4), that you have the right to consult**
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**an attorney regarding this Agreement and that you were given a reasonable time period of not less than five business days in which to do so.** You further acknowledge and agree that, in the event you sign this Agreement prior to the end of the reasonable time period provided by the Company, your decision to accept such shortening of time is knowing and voluntary and is not induced by the Company through fraud, misrepresentation, or a threat to withdraw or alter the offer prior to the expiration of the reasonable time period, or by providing different terms to employees who sign such an agreement prior to the expiration of the time period.

**Section 1542 Waiver.** In giving the release herein, which includes claims which may be unknown to you at present, you acknowledge that you have read and understand Section 1542 of the California Civil Code, which reads as follows:

**“A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.”**

You hereby expressly waive and relinquish all rights and benefits under that section and any law of any other jurisdiction of similar effect with respect to your release of claims herein, including but not limited to your release of unknown claims.

Notwithstanding any provision of this Agreement to the contrary, by executing this release, you are not releasing (i) any claims relating to your rights under this Agreement, (ii) any claims as a stockholder of the Company, (iii) any claims that cannot be waived by law, or (iv) your rights of indemnification as provided by, and in accordance with the terms of, the Company’s by-laws, other plans or agreements, by law, or a Company insurance policy providing directors’ and officers’ liability insurance coverage, as any of such may be amended from time to time.

**7. Protected Activities.** Notwithstanding the foregoing, other than events expressly contemplated by this Agreement, you do not waive or release rights or Claims that may arise from events that occur after the date this Release is executed. Also excluded from this Agreement are any Claims which cannot be waived by law, including, without limitation, any rights you may have under applicable workers’ compensation laws. Nothing in this Agreement shall prevent you from filing, cooperating with, or participating in any proceeding or investigation before the Equal Employment Opportunity Commission, the California Department of Fair Employment and Housing, the United States Department of Labor, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal government agency, or similar state or local agency (“**Government Agencies**”), or exercising any rights pursuant to Section 7 of the National Labor Relations Act. You further understand this Agreement does not limit your ability to voluntarily communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. While this Agreement does not limit your right to receive an award for information provided to the Securities and Exchange Commission, you understand and agree that you are otherwise waiving, to the fullest extent permitted by law, any and all rights you may have to individual relief based on any Claims that you have released and any rights you have waived by signing this Agreement. If any Claim is not subject to release, to the extent permitted by law, you waive any right or ability to be a class or collective action representative or to otherwise participate in any putative or certified class, collective or multi-party action or proceeding based on such a Claim in which any of the Company Parties is a party. This Agreement does not abrogate your existing rights under any Company benefit plan or any plan or agreement related to equity ownership in the Company; however, it does waive, release and forever discharge Claims existing as of the date you execute this Agreement pursuant to any such plan or agreement.

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**8. Your Acknowledgments and Affirmations.** You also acknowledge and agree that (i) the consideration given to you in exchange for the waiver and release in this Agreement is in addition to anything of value to which you were already entitled, and (ii) subject to the payments and benefits contemplated in this Agreement, that you have been paid for all time worked, have received all the leave, leaves of absence and leave benefits and protections for which you are eligible, and have not suffered any on-the-job injury for which you have not already filed a Claim. You affirm that all of the decisions of the Company Parties regarding your pay and benefits through the date of your execution of this Agreement were not discriminatory based on age, disability, race, color, sex, religion, national origin or any other classification protected by law. You affirm that you have not filed or caused to be filed, and are not presently a party to, a Claim against any of the Company Parties. You further affirm that you have no known workplace injuries or occupational diseases. You acknowledge and affirm that you have not been retaliated against for reporting any allegation of corporate fraud or other wrongdoing by any of the Company Parties, or for exercising any rights protected by law, including any rights protected by the Fair Labor Standards Act, the Family Medical Leave Act or any related statute or local leave or disability accommodation laws, or any applicable state workers' compensation law.

**9. ADEA Waiver.** You acknowledge that you are knowingly and voluntarily waiving and releasing any rights you may have under the ADEA ("**ADEA Waiver**"). You also acknowledge that the consideration given for the ADEA Waiver is in addition to anything of value to which you were already entitled. You further acknowledge that you have been advised by this writing, as required by the ADEA, that: (a) your release and waiver herein does not apply to any rights or claims that arise after the date you sign this Agreement; (b) you should consult with an attorney prior to signing this Agreement; (c) you have twenty-one (21) days to consider this Agreement (although you may choose to voluntarily sign it sooner); (d) you have seven (7) days following the date you sign this Agreement to revoke it (by sending written revocation directly to the Company's Cara Antonacci, Chief People Officer); and (e) the Agreement will not be effective until the date upon which the revocation period has expired unexercised, which will be the eighth day after you sign this Agreement (the "**Effective Date**").

**10. Return of Company Property.** By the Separation Date, you agree to return to the Company all Company documents (and all copies thereof) and other Company property that you have had in your possession at any time, including, but not limited to, Company files, notes, drawings, records, business plans and forecasts, financial information, specifications, computer-recorded information, tangible property (including, but not limited to, computers), credit cards, entry cards, identification badges and keys; and, any materials of any kind that contain or embody any proprietary or confidential information of the Company (and all reproductions thereof). Please coordinate return of Company property with Cara Antonacci, Chief People Officer. Receipt of the Separation Benefits described in Section 2 of this Agreement is expressly conditioned upon return of all Company property. Notwithstanding the foregoing, you may retain your address book to the extent it only contains contact information.

**11. Confidential Information, Non-Competition and Non-Solicitation Obligations.** You acknowledge and reaffirm your continuing obligations under your Confidential Information and Inventions Agreement ("**CIIA**") not to use or disclose any confidential or proprietary information of the Company, among other obligations and which is incorporated herein by reference. You further acknowledge that you shall comply with your post-employment non-solicitation restrictions contained in the Employment Agreement, provided that any post-employment restricted periods will commence as of the date of this Agreement. The Company acknowledges that you will be permitted to disclose and will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, in the event that you file a lawsuit for retaliation by the Company for reporting a suspected

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violation of law, you may disclose the trade secret to your attorney and use the trade secret information in the court proceeding, if you: (A) file any document containing the trade secret under seal; and (B) do not disclose the trade secret, except pursuant to court order.

**12. Confidentiality.** The provisions of this Agreement will be held in strictest confidence by you and will not be publicized or disclosed in any manner whatsoever; provided, however, that: (a) you may disclose this Agreement to your immediate family; (b) you may disclose this Agreement in confidence to your attorney, accountant, auditor, tax preparer, and financial advisor; (c) you may disclose this Agreement insofar as such disclosure may be necessary to enforce its terms, as otherwise required by law, or in connection with any governmental agency or commission investigation or proceeding; and (d) you may disclose this Agreement to the extent permitted by the “Protected Activities” Section above or in furtherance of your rights under Section 7 of the National Labor Relations Act.

**13. Non-Disparagement.** You agree not to disparage the Company, and the Company’s directors, employees, and affiliates, in any manner intended to or that would reasonably be expected to be harmful to them or their business, business reputation or personal reputation; provided that you will respond accurately and fully to any question, inquiry or request for information when required by legal process or if reasonably appropriate in connection with legal process between you and the Company or its affiliates. Notwithstanding the foregoing, nothing in this Agreement shall limit your right to voluntarily communicate with the Equal Employment Opportunity Commission, United States Department of Labor, the National Labor Relations Board, other federal government agency or similar state or local agency. In addition, nothing in this provision or this Agreement prohibits or restrains you from making disclosures protected under the whistleblower provisions of federal or state law or from exercising your rights to engage in protected speech under Section 7 of the National Labor Relations Act, if applicable. The Company will not in any official statement, press release or public announcement disparage you or your personal or professional reputation, integrity, competence, good character, or professionalism and shall instruct its current executive officers and board members to do the same. This Section 13 shall not be violated by statements made by one party to correct or refute false or misleading statements made about such party by the other party hereto.

**14. No Admission.** This Agreement does not constitute an admission by the Company or you of any wrongful action or violation of any federal, state, or local statute, or common law rights, including those relating to the provisions of any law or statute concerning employment actions, or of any other possible or claimed violation of law or rights. The Company, on behalf of the Company Parties and their successors and assigns, represents that, as of the date of this Agreement, there are no known claims, demands, causes of actions, fees and liabilities of any kind whatsoever, which it or they had, now have or may have against you, by reason of any actual or alleged act, omission, transaction, practice, conduct, statement, occurrence, or any other matter related to your employment with the Company or otherwise.

**15. Breach.** You agree that upon any material breach of this Agreement you will forfeit all amounts paid or owing to you under this Agreement (provided, that, the Company shall provide you with written notice of any such breach and not less than 30 days to cure, if curable). Further, you acknowledge that it may be impossible to assess the damages caused by your violation of the terms of Sections 10, 11, 12 and 13 of this Agreement and further agree that any threatened or actual violation or breach of those Sections of this Agreement will constitute immediate and irreparable injury to the Company. You therefore agree that any such breach of this Agreement is a material breach of this Agreement, and, in addition to any and all other damages and remedies available to the Company upon your breach of this Agreement, the Company shall be entitled to seek an injunction to prevent you from violating or breaching this Agreement. You agree that if the Company is successful in whole or part in any legal or equitable action against you under this Agreement, you agree that the Company may seek an award requiring you to pay all of the costs, including reasonable attorneys’ fees, incurred by the Company in enforcing the terms of this Agreement.

**16. Indemnification.** You will be indemnified to the maximum extent permitted by applicable law and the organizational and operation agreements of the Company and its respective affiliates for your

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services rendered as an officer and/or director and shall be covered by any applicable directors' and officers' liability insurance policy(ies) procured by the Company and its affiliates from time to time. Such coverage and indemnification shall continue during your employment and the Consulting Period and thereafter, while liability may exist, on the same basis as other current and former directors and officers of the Company and only to the extent permitted by applicable law and the applicable agreements and policies.

**17.Miscellaneous.** This Agreement constitutes the complete, final and exclusive embodiment of the entire agreement between you and the Company with regard to this subject matter. It is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein, and it supersedes any other such promises, warranties or representations. This Agreement may not be modified or amended except in a writing signed by both you and a duly authorized officer of the Company. This Agreement will bind the heirs, personal representatives, successors and assigns of both you and the Company, and inure to the benefit of both you and the Company, their heirs, successors and assigns. In the event of your death, the Company shall provide your estate (or beneficiaries) with any payments due to you under this Agreement. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination will not affect any other provision of this Agreement and the provision in question will be modified by the court so as to be rendered enforceable. This Agreement will be deemed to have been entered into and will be construed and enforced in accordance with the laws of the State of California as applied to contracts made and to be performed entirely within California.

**EVERBRIDGE, INC.**

By: /s/ Noah Webster  
Noah Webster

/s/ Phillip E. Huff  
Phillip Huff

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## Exhibit A

### CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT (this “*Agreement*”) is entered into as of March 23, 2024, by and between Everbridge, Inc. (“*Everbridge*”) and Phillip Huff (“*Consultant*”). The parties hereby agree as follows:

1. Engagement. Subject to the terms and conditions of this Agreement, Everbridge hereby engages Consultant as an independent agent and consultant to Everbridge, and Consultant hereby agrees to perform the services set forth herein and accepts such engagement.
  2. Duties, Term, and Compensation. Consultant’s duties, term of engagement, compensation and provisions for payment thereof are set forth in Exhibit A or a statement of work attached to this Agreement, which may be amended in writing from time to time with the written consent of both parties, and which is incorporated by reference.
  3. Expenses. During the term of this Agreement, Consultant shall bill and Everbridge shall reimburse Consultant for all reasonable, out-of-pocket expenses pre-approved by Everbridge in writing and incurred in connection with the performance of the duties hereunder, but only upon presentation of sufficient evidence of such expenditures. Any travel required by Consultant to perform his duties hereunder shall be at the same class level provided to Consultant as of the date hereof.
  4. Continuing Obligations. The covenants and post-employment restrictions in Consultant’s previously executed Confidential Information and Inventions Agreement (the “*CIIAA*”), including but not limited to confidentiality, non-disclosure, and inventions assignment, shall remain in full force and effect according to their terms and applied to the Services provided hereunder, subject to the terms of the Release Agreement by and between Everbridge and the Consultant (the “*Release*”). The CIIAA and the restrictive covenants contained in the Employment Agreement shall be incorporated herein by reference and Consultant agrees to comply with and to be subject to all such covenants and post-employment restrictions and obligations contained therein both during and after the termination of this Agreement (provided, that, Everbridge shall provide Consultant with written notice of any alleged breach and not less than 30 days to cure, if curable).
  5. Third-Party Information. Consultant recognizes that Everbridge has received and in the future will receive from third parties confidential or proprietary information of such third parties subject to a duty on the part of Everbridge to maintain the confidentiality of such information and to use it only for certain limited purposes. Consultant agrees that he owes Everbridge, during the term of this Agreement and thereafter, a duty to hold all such confidential or proprietary information in confidence and not to disclose it to any person or entity or to use it except as necessary in carrying out the services or as required by applicable law, court order or subpoena or governmental or regulatory investigation.
  6. Conflicts of Interest; Representations. Consultant represents and warrants that Consultant is free to enter into this Agreement, and that this engagement does not violate the terms of any agreement between Consultant and any third party. During the term of this Agreement, Consultant shall devote as much of his time to the performance of his duties hereunder as is necessary to perform the required duties in a timely and productive manner. Consultant is permitted to seek or accept other employment or provide other services during the term of this Agreement; provided, that, Consultant agrees during the term of this Agreement not to accept work or enter into a contract or accept an obligation inconsistent or incompatible with Consultant’s obligations under this Agreement or the scope of services to be rendered by Consultant under this Agreement.
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7. Non-Solicit; Non-Interference. During the term of this Agreement, and for one (1) year thereafter, Consultant shall not either alone or in association with others (i) directly or indirectly solicit or encourage to leave Everbridge's employment or otherwise cease to provide Everbridge with contracted services, any employee, consultant, or contractor of Everbridge, or (ii) use any trade secrets of the Company to solicit business from any customer, vendor, supplier, partner, licensee or business relation of Everbridge or any of its subsidiaries, or induce or attempt to induce, any such entity or individual to cease doing business with Everbridge or in any way interfere with the relationship between any such entity or individual and Everbridge. In addition, during the term of this Agreement, Consultant shall not perform competitive services for any of the individuals or entities referenced above. The foregoing restrictions shall not be violated by general non-targeted advertising and marketing or by general recruiting and job-postings that are not directed at employees of Everbridge or from providing a reference to a third-party employer, upon request.

8. Termination. The Agreement will automatically terminate upon expiration of the term of the Agreement as set forth in Exhibit A or a statement of work attached hereto, unless renewed or extended pursuant to such exhibit or statement of work. In addition, if Consultant is (i) convicted of any crime (including moral turpitude, dishonesty or otherwise related to the performance of Consultant's duties), (ii) fails or refuses to comply with the written policies or reasonable directive of Everbridge, (iii) is guilty of serious misconduct in connection with performance hereunder, or (iv) materially breaches any provisions of this Agreement or the CIIAA (each of clauses (i) through (iv) above, "**Cause**"), Everbridge at any time may terminate the engagement of Consultant immediately and without prior written notice to Consultant. For termination made pursuant to the previous sentence, Everbridge shall only owe Consultant for work performed and fees due as of the date notice of termination is provided, except as mutually agreed upon in writing by Everbridge and Consultant. Consultant shall not be terminated pursuant to clauses (ii) through (iv) above absent written notice from Everbridge and not less than thirty (30) days to cure, if curable. Consultant may only terminate this Agreement upon not less than thirty (30) days' written notice to Everbridge. For termination made by Consultant, Everbridge shall only owe Consultant for work performed and fees due as of the date notice of termination is provided, except as mutually agreed upon in writing by Everbridge and Consultant.

9. Representations. Consultant represents and warrants that: (a) the Services (as defined in Exhibit A hereto) will be performed in a professional manner; (b) Consultant will comply with all applicable federal, state, local and foreign laws governing self-employed individuals, including laws requiring the payment of taxes, such as income and employment taxes, and social security, disability, and other contributions; and (c) Consultant shall be subject to all Everbridge policies that apply to independent contractors generally, as adopted or modified from time to time, including, without limitation, Everbridge's policies against unlawful harassment and regarding compliance with applicable securities law; provided, that Everbridge shall provide Consultant with all such applicable policies and any applicable modifications. From time to time, Consultant may be required to confirm in writing that Consultant has read and understands certain policies. Everbridge reserves the right to modify or alter its policies in its sole discretion. Consultant agrees to indemnify and hold Client harmless from any and all damages, costs, claims, expenses or other liability (including reasonable attorneys' fees) arising from or relating to the breach or alleged breach by Consultant of the representations and warranties set forth in this Section 9.

10. Independent Contractor. It is understood and agreed to by the parties hereto that Consultant's services shall be performed as an independent contractor and nothing in this Agreement should be construed to render Consultant an employee, partner or agent of Everbridge for any purpose. Consultant is and will remain an independent contractor in his relationship to Everbridge. Consultant is not the agent of Everbridge and is not authorized to make any representation, contract or commitment on behalf of Everbridge. Consultant shall have no claim against Everbridge hereunder or otherwise for any of the benefits which Everbridge may make available to its employees, such as but not limited to, vacation pay, sick leave,

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retirement benefits, social security, worker's compensation, health or disability benefits, unemployment insurance benefits or employee benefits of any kind. It is further agreed and understood that no part of any compensation payable to Consultant hereunder shall be subject to withholding by Everbridge for the payment of any Social Security, federal, state or any other employee payroll taxes. Consultant agrees to accept exclusive liability for complying with all applicable state and federal laws governing self-employed individuals.

11. Notice. Any and all notices required or desired to be given under this Agreement by any party shall be in writing and shall be validly given or made to another party if personally served, or if deposited in the United States mail, certified or registered, postage prepaid, return receipt requested, as follows:

If to Consultant:  
Phillip Huff  
Address

If to Everbridge:  
Everbridge, Inc.  
25 Corporate Drive  
Burlington, MA 01803  
Attention: General Counsel

Any party hereto may change its address for purposes of this paragraph by written notice given in the manner provided above.

12. Miscellaneous. All of the provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and assigns, if any. Waiver by one party hereto of breach of any provision of this Agreement by the other shall not operate or be construed as a continuing waiver and any failure or neglect by either party to enforce any of the provisions hereof shall not be construed, nor shall be deemed to be a waiver of such party's rights hereunder, nor in any way affect the validity of the whole or any part of this Agreement. No amendment, change or modification of this Agreement shall be valid unless in writing signed by the parties hereto. Consultant shall not assign any rights under this Agreement, or delegate the performance of any duties hereunder, without the prior written consent of Everbridge. This Agreement, including any Exhibits attached hereto, constitutes the entire understanding and agreement of the parties, and supersedes any and all agreements, understandings, promises and representations made or existing between the parties hereto, which shall have no further force and effect. If any provision of this Agreement, or any portion thereof, is held to be invalid and unenforceable, then the remainder of this Agreement shall nevertheless remain in full force and effect. This Agreement shall be governed by, and construed and interpreted under, the laws of the State of California without reference to conflicts of laws principles.

IN WITNESS WHEREOF the undersigned have executed this Agreement as of the day and year first written above.

EVERBRIDGE, INC.

By: /s/ Noah F. Webster  
Name: Noah F. Webster  
Title: Chief Legal Officer

/s/ Phillip E. Huff  
Name: Phillip Huff

**EXHIBIT A**  
**TO CONSULTING AGREEMENT DUTIES, TERM, AND**  
**COMPENSATION**

**DUTIES:**

During the term of this Agreement, Consultant shall assist Everbridge with the following matters (the “*Services*”):

- Transition support for the new Everbridge CAO
- Consultation with the Everbridge CFO and Legal and Finance teams
- Other services as mutually agreed

Consultant shall be permitted to provide the Services from a location (or locations) of his choosing, subject to any required in-person meetings upon reasonable notice from Everbridge.

During the Consulting Period, Consultant may continue to use his Company laptop and will continue to have access to Company email.

**TERM:**

This engagement shall commence on March 23, 2024, and shall continue in full force and effect through May 10, 2024, unless terminated earlier in accordance with the terms contained herein (the “*Term*”).

**COMPENSATION:**

Consultant agrees to dedicate not more than twenty (20) hours per month to the Services. Consultant shall be paid \$11,000 per month for the Services (the “*Fees*”), prorated for any partial month of Services. The Fees will be paid monthly in arrears, on or within fifteen (15) days after the end of the month during which the Services are performed. Notwithstanding the above, the parties may mutually agree to increase Consultant’s monthly hours. For any day in which Services are performed after having reached twenty (20) hours in the applicable month, Consultant shall be paid a daily rate of \$550. The parties agree that it is not expected that the services will require more than twenty (20) hours per week.

Notwithstanding anything herein to the contrary, in no event will the Consultant be expected to perform, or will Consultant perform, services that exceed twenty percent (20%) of the average level of bona fide services that Consultant provided to Everbridge during the final thirty-six (36) months of his employment with Everbridge (the intent of the foregoing is Consultant will have incurred a “separation from service, within the meaning of Section 409A, from the Company on the date of termination of employment).

Consistent with the terms of Everbridge’s 2016 Equity Incentive Plan and related forms of agreement, the restricted stock units (“*RSUs*”) and performance stock units (“*PSUs*”) previously granted by Everbridge to Consultant will continue to vest during the Term, except as provided herein.

In the event that Everbridge terminates this engagement other than for Cause, then Everbridge will pay to Consultant the Fees that would have been payable for the remainder of the scheduled Term, and

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Consultant's outstanding Everbridge equity awards shall be treated as if he had continued to provide services through the end of the scheduled Term.

For sake of clarity and avoidance of doubt, Consultant acknowledges and agrees that at no time is Consultant eligible for overtime pay or any other type of increased pay rate based on the number of hours worked. Consultant shall not be eligible for **additional** compensation for time spent traveling to and from Everbridge facilities, provided travel time will count as time in the performance of Services.

Everbridge will issue Consultant an IRS Tax Form 1099 for all services rendered under this Agreement. Consultant represents its Social Security Number/EIN to be provided via Form W-9.

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**List of Subsidiaries of Everbridge, Inc.**

<b>Company Name</b>	<b>Jurisdiction</b>
Alarmpoint, Inc.	California
Anvil Worldwide Limited	United Kingdom
Wan Qiao Da Guan Information and Technology Ltd	China
CNL Software Limited	United Kingdom
CNL Software, Inc.	Delaware
Connexient, Inc.	Delaware
Everbridge Asia Pte. Ltd.	Singapore
Everbridge Denmark ApS	Denmark
Everbridge Europe Limited	United Kingdom
Everbridge Finland OY	Finland
Everbridge France SAS	France
Everbridge Holdings Limited	United Kingdom
Everbridge Hungary Kft.	Hungary
Everbridge Netherlands B.V.	Netherlands
Everbridge Netherlands Holdings B.V.	Netherlands
Everbridge Norway AS	Norway
Everbridge Securities Corporation	Massachusetts
Everbridge Technologies India Private Limited	India
Microtech USA LLC	Delaware
NC4 Public Sector, LLC	Delaware
NC4, LLC	Delaware
One2many B.V.	Netherlands
One2many (Company Limited)	China
One2many Group B.V.	Netherlands
One2many Hong Kong Ltd.	Hong Kong
One2many Solutions (Mauritius) Ltd.	Mauritius
Previstar, Inc.	Delaware
Previstar Pvt. Ltd.	India
Red Sky Technologies, Inc.	Illinois
SnapComms Limited	New Zealand
SnapComms UK Limited	United Kingdom
SnapComms, Inc.	Delaware
Svensk Krisledning AB	Sweden
Techwan SA	Switzerland
The Anvil Group (International) Limited	United Kingdom
The Anvil Group Japan LLC	Japan
The Anvil Group LLC	Florida
Unified Messaging Systems Sverige AB	Sweden
xMatters, Inc.	California
xMatters Holdings, Inc.	Delaware

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**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-3 Nos. 333-262231 and 333-220777) of Everbridge, Inc.,
- (2) Registration Statement (Form S-8 No. 333-269039) pertaining to the 2022 Inducement Plan of Everbridge, Inc.,
- (3) Registration Statement (Form S-8 Nos. 333-27008, 333-263048, 333-253639, 333-236767, 333-230032, 333-227502 and 333-216909) pertaining to the 2016 Equity Incentive Plan and the 2016 Employee Stock Purchase Plan of Everbridge, Inc., and
- (4) Registration Statement (Form S-8 No. 333-213679) pertaining to the 2008 Equity Incentive Plan, the 2016 Equity Incentive Plan, and the 2016 Employee Stock Purchase Plan of Everbridge, Inc.;

of our reports dated February 27, 2024, with respect to the consolidated financial statements of Everbridge, Inc. and subsidiaries and the effectiveness of internal control over financial reporting of Everbridge, Inc. and subsidiaries included in this Annual Report (Form 10-K) of Everbridge, Inc. and subsidiaries for the year ended December 31, 2023.

/s/ Ernst & Young LLP

Boston, Massachusetts  
February 27, 2024

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**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David J. Wagner, certify that:

1. I have reviewed this Annual Report on Form 10-K of Everbridge, 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(s) 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(s) 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: February 27, 2024

By: /s/ David J. Wagner

**Name:** David J. Wagner

**Title:** Chief Executive Officer (*Principal Executive Officer*)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David E. Rockvam, certify that:

1. I have reviewed this Annual Report on Form 10-K of Everbridge, 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(s) 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(s) 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: February 27, 2024

By: /s/ David E. Rockvam

**Name:** David E. Rockvam

**Title:** Executive Vice President and Chief Financial Officer (*Principal Financial Officer*)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, David J. Wagner, Chief Executive Officer of Everbridge, Inc., do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge, the Annual Report on Form 10-K of Everbridge, Inc. for the year ended December 31, 2023 (the "Report"):

- (1) fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Everbridge, Inc.

Date: February 27, 2024

By: /s/ David J. Wagner

**Name:** David J. Wagner

**Title:** Chief Executive Officer (*Principal Executive Officer*)

This certification accompanies the Form 10-K 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 Everbridge, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, David E. Rockvam, Chief Financial Officer of Everbridge, Inc., do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge, the Annual Report on Form 10-K of Everbridge, Inc. for the year ended December 31, 2023 (the "Report"):

- (1) fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Everbridge, Inc.

Date: February 27, 2024

By: /s/ David E. Rockvam

**Name:** David E. Rockvam

**Title:** Executive Vice President and Chief Financial Officer (*Principal Financial Officer*)

This certification accompanies the Form 10-K 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 Everbridge, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.

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## EVERBRIDGE, INC.

## INCENTIVE COMPENSATION RECOUPMENT POLICY

## 1. INTRODUCTION

The Compensation Committee (the “*Compensation Committee*”) of the Board of Directors (the “*Board*”) of Everbridge, Inc., a Delaware corporation (the “*Company*”), has determined that it is in the best interests of the Company and its stockholders to adopt this Incentive Compensation Recoupment Policy (this “*Policy*”) providing for the Company’s recoupment of Recoverable Incentive Compensation that is received by Covered Officers of the Company under certain circumstances. Certain capitalized terms used in this Policy have the meanings given to such terms in Section 3 below.

This Policy is designed to comply with, and shall be interpreted to be consistent with, Section 10D of the Exchange Act, Rule 10D-1 promulgated thereunder (“*Rule 10D-1*”) and Nasdaq Listing Rule 5608 (the “*Listing Standards*”).

## 2. EFFECTIVE DATE

This Policy shall apply to all Incentive Compensation that is received by a Covered Officer on or after October 2, 2023 (the “*Effective Date*”). Incentive Compensation is deemed “*received*” in the Company’s fiscal period in which the Financial Reporting Measure specified in the Incentive Compensation award is attained, even if the payment or grant of such Incentive Compensation occurs after the end of that period.

## 3. DEFINITIONS

“*Accounting Restatement*” means an accounting restatement that the Company is required to prepare due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

“*Accounting Restatement Date*” means the earlier to occur of (a) the date that the Board, a committee of the Board authorized to take such action, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or (b) the date that a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.

“*Administrator*” means the Compensation Committee or, in the absence of such committee, the Board.

“*Code*” means the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

“*Compensation Committee*” means the Compensation Committee of the Board.

“*Covered Officer*” means each current and former Executive Officer.

“*Exchange*” means the Nasdaq Stock Market.

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“**Exchange Act**” means the U.S. Securities Exchange Act of 1934, as amended.

“**Executive Officer**” means the Company’s president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of the Company’s parent(s) or subsidiaries are deemed executive officers of the Company if they perform such policy-making functions for the Company. Policy-making function is not intended to include policy-making functions that are not significant. Identification of an executive officer for purposes of this Policy would include at a minimum executive officers identified pursuant to Item 401(b) of Regulation S-K promulgated under the Exchange Act.

“**Financial Reporting Measures**” means measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures derived wholly or in part from such measures, including Company stock price and total stockholder return (“**TSR**”). A measure need not be presented in the Company’s financial statements or included in a filing with the SEC in order to be a Financial Reporting Measure.

“**Incentive Compensation**” means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

“**Lookback Period**” means the three completed fiscal years immediately preceding the Accounting Restatement Date, as well as any transition period (resulting from a change in the Company’s fiscal year) within or immediately following those three completed fiscal years (except that a transition period of at least nine months shall count as a completed fiscal year). Notwithstanding the foregoing, the Lookback Period shall not include fiscal years completed prior to the Effective Date.

“**Recoverable Incentive Compensation**” means Incentive Compensation received by a Covered Officer during the Lookback Period that exceeds the amount of Incentive Compensation that would have been received had such amount been determined based on the Accounting Restatement, computed without regard to any taxes paid (*i.e.*, on a gross basis without regard to tax withholdings and other deductions). For any compensation plans or programs that take into account Incentive Compensation, the amount of Recoverable Incentive Compensation for purposes of this Policy shall include, without limitation, the amount contributed to any notional account based on Recoverable Incentive Compensation and any earnings to date on that notional amount. For any Incentive Compensation that is based on stock price or TSR, where the Recoverable Incentive Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement, the Administrator will determine the amount of Recoverable Incentive Compensation based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or TSR upon which the Incentive Compensation was received. The Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to the Exchange in accordance with the Listing Standards.

“**SEC**” means the U.S. Securities and Exchange Commission.

#### 4. RECOUPMENT

**(a) Applicability of Policy.** This Policy applies to Incentive Compensation received by a Covered Officer (i) after beginning services as an Executive Officer, (ii) who served as an Executive Officer at any time during the performance period for such Incentive Compensation, (iii) while the Company had a class of securities listed on a national securities exchange or a national securities association, and (iv) during the Lookback Period.

**(b) Recoupment Generally.** Pursuant to the provisions of this Policy, if there is an Accounting Restatement, the Company must reasonably promptly recoup the full amount of the Recoverable Incentive Compensation, unless the conditions of one or more subsections of Section 4(c) of this Policy are met and the Compensation Committee, or, if such committee does not consist solely of independent directors, a majority of the independent directors serving on the Board, has made a determination that recoupment would be impracticable. Recoupment is required regardless of whether the Covered Officer engaged in any misconduct and regardless of fault, and the Company's obligation to recoup Recoverable Incentive Compensation is not dependent on whether or when any restated financial statements are filed.

**(c) Impracticability of Recovery.** Recoupment may be determined to be impracticable if, and only if:

(i) the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount of the applicable Recoverable Incentive Compensation; provided that, before concluding that it would be impracticable to recover any amount of Recoverable Incentive Compensation based on expense of enforcement, the Company shall make a reasonable attempt to recover such Recoverable Incentive Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange in accordance with the Listing Standards;

(ii) recoupment of the applicable Recoverable Incentive Compensation would violate home country law where that law was adopted prior to November 28, 2022; provided that, before concluding that it would be impracticable to recover any amount of Recoverable Incentive Compensation based on violation of home country law, the Company shall obtain an opinion of home country counsel, acceptable to the Exchange, that recoupment would result in such a violation, and shall provide such opinion to the Exchange in accordance with the Listing Standards; or

(iii) recoupment of the applicable Recoverable Incentive Compensation would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Code Section 401(a)(13) or Code Section 411(a) and regulations thereunder.

**(d) Sources of Recoupment.** To the extent permitted by applicable law, the Administrator shall, in its sole discretion, determine the timing and method for recouping Recoverable Incentive Compensation hereunder, provided that such recoupment is undertaken reasonably promptly. The Administrator may, in its discretion, seek recoupment from a Covered Officer from any of the following sources or a combination thereof, whether the applicable compensation was approved, awarded, granted, payable or paid to the Covered Officer prior to, on or after the Effective Date: (i) direct repayment of Recoverable Incentive Compensation previously paid to the Covered Officer; (ii) cancelling prior cash or equity-based awards (whether vested or unvested and whether paid or unpaid); (iii) cancelling or offsetting against any planned future cash or equity-based awards; (iv) forfeiture of deferred compensation, subject to compliance with Code Section 409A; and (v) any other method authorized by applicable law or contract. Subject to compliance with any applicable law, the Administrator may effectuate recoupment under this Policy from any amount otherwise payable to the Covered Officer, including amounts payable to such individual under any otherwise applicable Company plan or program, *e.g.*, base salary, bonuses or commissions and compensation previously deferred by the Covered Officer. The Administrator need not utilize the same method of recovery for all Covered Officers or with respect to all types of Recoverable Incentive Compensation.

**(e) No Indemnification of Covered Officers.** Notwithstanding any indemnification agreement, applicable insurance policy or any other agreement or provision of the Company's certificate

of incorporation or bylaws to the contrary, no Covered Officer shall be entitled to indemnification or advancement of expenses in connection with any enforcement of this Policy by the Company, including paying or reimbursing such Covered Officer for insurance premiums to cover potential obligations to the Company under this Policy.

**(f) Indemnification of Administrator.** Any members of the Administrator, and any other members of the Board who assist in the administration of this Policy, shall not be personally liable for any action, determination or interpretation made with respect to this Policy and shall be indemnified by the Company to the fullest extent under applicable law and Company policy with respect to any such action, determination or interpretation. The foregoing sentence shall not limit any other rights to indemnification of the members of the Board under applicable law or Company policy.

**(g) No “Good Reason” for Covered Officers.** Any action by the Company to recoup or any recoupment of Recoverable Incentive Compensation under this Policy from a Covered Officer shall not be deemed (i) “good reason” for resignation or to serve as a basis for a claim of constructive termination under any benefits or compensation arrangement applicable to such Covered Officer, or (ii) to constitute a breach of a contract or other arrangement to which such Covered Officer is party.

## **5. ADMINISTRATION**

Except as specifically set forth herein, this Policy shall be administered by the Administrator. The Administrator shall have full and final authority to make any and all determinations required under this Policy. Any determination by the Administrator with respect to this Policy shall be final, conclusive and binding on all interested parties and need not be uniform with respect to each individual covered by this Policy. In carrying out the administration of this Policy, the Administrator is authorized and directed to consult with the full Board or such other committees of the Board as may be necessary or appropriate as to matters within the scope of such other committee’s responsibility and authority. Subject to applicable law, the Administrator may authorize and empower any officer or employee of the Company to take any and all actions that the Administrator, in its sole discretion, deems necessary or appropriate to carry out the purpose and intent of this Policy (other than with respect to any recovery under this Policy involving such officer or employee).

## **6. SEVERABILITY**

If any provision of this Policy or the application of any such provision to a Covered Officer shall be adjudicated to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Policy, and the invalid, illegal or unenforceable provisions shall be deemed amended to the minimum extent necessary to render any such provision or application enforceable.

## **7. NO IMPAIRMENT OF OTHER REMEDIES**

Nothing contained in this Policy, and no recoupment or recovery as contemplated herein, shall limit any claims, damages or other legal remedies the Company or any of its affiliates may have against a Covered Officer arising out of or resulting from any actions or omissions by the Covered Officer. This Policy does not preclude the Company from taking any other action to enforce a Covered Officer’s obligations to the Company, including, without limitation, termination of employment and/or institution of civil proceedings. This Policy is in addition to the requirements of Section 304 of the Sarbanes-Oxley Act of 2002 (“SOX 304”) that are applicable to the Company’s Chief Executive Officer and Chief Financial Officer and to any other compensation recoupment policy and/or similar provisions in any employment, equity plan, equity award, or other individual agreement, to which the Company is a party or which the Company has adopted or may adopt and maintain from time to time; provided, however, that compensation

recouped pursuant to this Policy shall not be duplicative of compensation recouped pursuant to SOX 304 or any such compensation recoupment policy and/or similar provisions in any such employment, equity plan, equity award, or other individual agreement except as may be required by law.

**8. AMENDMENT; TERMINATION**

The Administrator may amend, terminate or replace this Policy or any portion of this Policy at any time and from time to time in its sole discretion. The Administrator shall amend this Policy as it deems necessary to comply with applicable law or any Listing Standard.

**9. SUCCESSORS**

This Policy shall be binding and enforceable against all Covered Officers and, to the extent required by Rule 10D-1 and/or the applicable Listing Standards, their beneficiaries, heirs, executors, administrators or other legal representatives.

**10. REQUIRED FILINGS**

The Company shall make any disclosures and filings with respect to this Policy that are required by law, including as required by the SEC.

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EVERBRIDGE, INC.

INCENTIVE COMPENSATION RECOUPMENT POLICY

FORM OF EXECUTIVE ACKNOWLEDGMENT

I, the undersigned, agree and acknowledge that I am bound by, and subject to, the Everbridge, Inc. Incentive Compensation Recoupment Policy, as may be amended, restated, supplemented or otherwise modified from time to time (the "**Policy**"). In the event of any inconsistency between the Policy and the terms of any employment agreement, offer letter or other individual agreement with Everbridge, Inc. (the "**Company**") to which I am a party, or the terms of any compensation plan, program or agreement, whether or not written, under which any compensation has been granted, awarded, earned or paid to me, the terms of the Policy shall govern.

In the event that the Administrator (as defined in the Policy) determines that any compensation granted, awarded, earned or paid to me must be forfeited or reimbursed to the Company pursuant to the Policy, I will promptly take any action necessary to effectuate such forfeiture and/or reimbursement. I further agree and acknowledge that I am not entitled to indemnification, and hereby waive any right to advancement of expenses, in connection with any enforcement of the Policy by the Company.

**Agreed and Acknowledged:**

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Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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