



## Everbridge Reports Strong Third Quarter 2022 Financial Results

November 8, 2022

*Third Quarter Results Reflect Continuing Progress on Strategic Realignment and Commitment to Sustained, Profitable Growth*

*Everbridge Plans to Further Detail Financial Model and Long-Term Strategy During Upcoming Investor Day Scheduled for December 13*

BURLINGTON, Mass.--(BUSINESS WIRE)--Nov. 8, 2022-- [Everbridge](#), Inc. (NASDAQ: EVBG), the global leader in [critical event management](#) (CEM) and national [public warning](#) solutions, today announced its financial results for the third quarter ended September 30, 2022. Revenue was \$111.4 million, up 15% year-over-year.

This press release features multimedia. View the full release here: <https://www.businesswire.com/news/home/20221108005425/en/>



“Our third quarter results demonstrate continued progress in our ongoing evolution to a mature, profitable growth business,” said David Wagner, Everbridge’s President and CEO. “As we focus on our strategic realignment and product integrations, we again delivered solid results with our land-and-expand, go-to-market strategy. 2022 has been a transition year, enabling us to focus on driving profitable growth as we enter the next phase of the company’s life cycle headed into 2023. During the fourth quarter, we are optimizing our cost structure and intend to restructure and reduce Everbridge’s workforce by approximately 200 employees, creating a clear line of sight to adjusted EBITDA of \$85 million and a baseline revenue growth rate of 6% to 7% in 2023.”

### Everbridge Reports Strong Third Quarter 2022 Financial Results

Patrick Brickley, Everbridge’s CFO, added, “The work we began this year to strategically realign both our product and

sales organizations has created a solid foundation for profitability heading into 2023 and beyond. In the meantime, we are continuing to drive consistent performance across the board, as evidenced by a more than \$10 million improvement in adjusted EBITDA. Q3 also marked a record for contracts sized over \$100,000 in value, supporting Everbridge’s critical and growing role with the Global 2000 community as well as our 6,000 enterprise customers today. We look forward to sharing our progress and strategic plan in more detail at our upcoming Investor Day next month.”

### Recent Business Highlights

- Ended the third quarter with 6,417 global enterprise customers, up from 6,010 at the end of the third quarter of 2021.
- Delivered more than ten million Hurricane Ian-related critical messages in a two-week period, supporting a majority of Florida’s 22 million residents. As the hurricane approached Florida at the end of September, Everbridge conducted an emergency implementation of its Resident Connection offering to help government officials best reach the most comprehensive database of resident contacts.
- Announced Takeda Pharmaceutical Company as the first enterprise to achieve Diamond Tier status as a Best in Resilience™ certified organization. Takeda’s Best in Resilience assessment revealed significant strengths in how quickly and effectively the company can identify risks to employees, which was made possible by integrating CEM with their badging and travel risk management systems.
- Launched Everbridge Travel Protector™, representing the completion of its integration of The Anvil Group acquisition. Travel Protector provides the market’s only end-to-end, full-lifecycle solution for organizations to fulfill their Duty of Care for traveling employees, remote workers, field service workers and those who have returned to the office.
- Broadened the deployment of its platform across the state of New Jersey to include the addition of Resident Connection and Integrated Public Alert & Warning System IPAWS solutions for the New Jersey State Police to maximize the reach of their critical citizen alerts.
- Unveiled the full integration of the company’s expansive Risk Intelligence monitoring capabilities into its industry-leading physical security management system, Control Center, enabling organizations to ingest “outside” risk intelligence and

correlate that real-time information with data from “inside” their buildings.

- Partnered with Omnilert to integrate active shooter detection technology with its CEM platform to help enterprises and government institutions reduce threats.
- Appointed veteran B2B and SaaS marketing executive David Alexander as Chief Marketing Officer; appointed cyber security, DevOps, and IT executive Sheila Carpenter as Chief Information Officer; and promoted B2B sales leader Paul Robinson to the role of Senior Vice President of North America Sales.

### Third Quarter 2022 Financial Highlights

- Total revenue was \$111.4 million, an increase of 15% compared to \$96.7 million for the third quarter of 2021.
- GAAP operating loss was \$(19.2) million, compared to a GAAP operating loss of \$(19.1) million for the third quarter of 2021.
- Non-GAAP operating profit was \$9.8 million, compared to non-GAAP operating profit of \$2.2 million for the third quarter of 2021.
- GAAP net loss was \$(22.1) million, compared to \$(28.7) million for the third quarter of 2021. GAAP net loss per share was \$(0.56), based on 39.7 million basic and diluted weighted average common shares outstanding, compared to \$(0.75) for the third quarter of 2021, based on 38.4 million basic and diluted weighted average common shares outstanding.
- Non-GAAP net income was \$12.3 million, compared to non-GAAP net income of \$2.1 million in the third quarter of 2021. Non-GAAP diluted net income per share was \$0.27, based on 46.1 million diluted weighted average common shares outstanding, compared to non-GAAP diluted net income per share of \$0.05 for the third quarter of 2021, based on 45.5 million diluted weighted average common shares outstanding.
- Adjusted EBITDA was \$15.2 million, compared to \$4.9 million in the third quarter of 2021.
- Cash flow from operations was an inflow of \$18.0 million, compared to an outflow of \$(2.7) million for the third quarter of 2021.
- Adjusted for one-time cash payments related to our 2022 Strategic Realignment program, Adjusted Free Cash Flow was an inflow of \$15.4 million for the third quarter of 2022.

### Financial Outlook

Based on information available as of today, Everbridge is issuing guidance for the fourth quarter and full year 2022 as indicated below.

|                               | Full Year 2022 Guidance |             |                |             |                       |             |  |  |  |  |
|-------------------------------|-------------------------|-------------|----------------|-------------|-----------------------|-------------|--|--|--|--|
|                               | Fourth Quarter 2022     |             | Full Year 2022 |             | Issued August 9, 2022 |             |  |  |  |  |
| Revenue                       | \$ 116.0                | to \$ 116.4 | \$ 430.8       | to \$ 431.2 | \$ 428.2              | to \$ 432.8 |  |  |  |  |
| Revenue growth                | 13 %                    | 13 %        | 17 %           | 17 %        | 16 %                  | 17 %        |  |  |  |  |
| GAAP net loss                 | \$ (27.5 )              | \$ (27.1 )  | \$ (104.8 )    | \$ (104.4 ) | \$ (112.5 )           | \$ (110.5 ) |  |  |  |  |
| GAAP net loss per share       | \$ (0.69 )              | \$ (0.68 )  | \$ (2.65 )     | \$ (2.64 )  | \$ (2.80 )            | \$ (2.75 )  |  |  |  |  |
| Non-GAAP net income           | \$ 14.0                 | \$ 14.4     | \$ 27.2        | \$ 27.6     | \$ 15.7               | \$ 17.7     |  |  |  |  |
| Non-GAAP net income per share | \$ 0.30                 | \$ 0.31     | \$ 0.59        | \$ 0.60     | \$ 0.33               | \$ 0.38     |  |  |  |  |
| Adjusted EBITDA               | \$ 18.1                 | \$ 18.5     | \$ 40.7        | \$ 41.1     | \$ 37.0               | \$ 39.0     |  |  |  |  |

(All figures in millions, except per share data)

### Conference Call Information

**What:** Everbridge’s Third Quarter 2022 Financial Results Conference Call

**When:** Tuesday, November 8, 2022

**Time:** 8:30 a.m. ET

**Live Call:** (833) 685-0904, Domestic

(412) 317-5740, International

**Replay:** (877) 344-7529, Passcode 2520854, Domestic

(412) 317-0088, Passcode 2520854, International

**Webcast:** <https://edge.media-server.com/mmc/p/9ffqebc6> (live and replay)

## About Everbridge

[Everbridge](#), Inc. (NASDAQ: EVBG) is a global software company that provides enterprise software applications that automate and accelerate organizations' operational response to critical events in order to Keep People Safe and Organizations Running™. During public safety threats such as active shooter situations, terrorist attacks or severe weather conditions, as well as critical business events including IT outages, cyber-attacks, product recalls or supply-chain interruptions, over 6,400 customers in 76 countries rely on the Company's Critical Event Management Platform 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 over 100 different communication modalities, and track progress on executing response plans. For more information, visit [www.everbridge.com](http://www.everbridge.com), read the company [blog](#), and follow on [Twitter](#) and [Facebook](#).

## Non-GAAP Financial Measures

This press release contains the following non-GAAP financial measures: non-GAAP cost of revenue, non-GAAP gross profit, non-GAAP gross margin, non-GAAP sales and marketing, non-GAAP research and development, non-GAAP general and administrative, non-GAAP operating expenses, non-GAAP operating income/(loss), non-GAAP net income/(loss), non-GAAP net income/(loss) per share, EBITDA, adjusted EBITDA, free cash flow, and adjusted free cash flow.

Non-GAAP operating income/(loss) excludes amortization of acquired intangible assets, change in fair value of contingent consideration, stock-based compensation and costs related to the 2022 Strategic Realignment. Non-GAAP net income/(loss) excludes amortization of acquired intangible assets, change in fair value of contingent consideration, stock-based compensation, costs related to the 2022 Strategic Realignment, accretion of interest on convertible senior notes, loss on extinguishment of convertible notes, capped call modification and change in fair value and the tax impact of such adjustments. EBITDA represents net income/(loss) before interest income and interest expense, income tax expense and benefit and depreciation and amortization expense. Adjusted EBITDA represents EBITDA as further adjusted for loss on extinguishment of convertible notes, capped call modification and change in fair value, change in fair value of contingent consideration, stock-based compensation expense and costs related to the 2022 Strategic Realignment. Free cash flow represents cash provided by (used in) operating activities minus cash used for 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.

We believe that these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends relating to Everbridge's financial condition and results of operations. We use these non-GAAP measures for financial, operational and budgetary decision-making purposes, to understand and evaluate our core operating performance and trends, and to generate future operating plans. We believe that these non-GAAP financial measures provide useful information regarding past financial performance and future prospects, and permit us to more thoroughly analyze key financial metrics used to make operational decisions. We believe that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing our financial measures with other software companies, many of which present similar non-GAAP financial measures to investors.

We do not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitation of these non-GAAP financial measures is that they exclude significant expenses and income that are required by GAAP to be recorded in the Company's financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by management about which expenses and income are excluded or included in determining these non-GAAP financial measures. In order to compensate for these limitations, management presents non-GAAP financial measures in connection with GAAP results. We urge investors to review the reconciliation of our non-GAAP financial measures to the comparable GAAP financial measures, which are included in this press release, and not to rely on any single financial measure to evaluate our business.

## Cautionary Language Concerning Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to, statements regarding the anticipated opportunity and trends for growth in our critical communications and enterprise safety applications and our overall business, our market opportunity, our expectations regarding sales of our products, our goal to maintain market leadership and extend the markets in which we compete for customers, and our expected financial results for the fourth quarter of 2022 and the full fiscal year 2022. These forward-looking statements are made as of the date of this press release and were based on current expectations, estimates, forecasts and projections as well as the beliefs and assumptions of management. Words such as "expect," "anticipate," "should," "believe," "target," "project," "goals," "estimate," "potential," "predict," "may," "will," "could," "intend," variations of these terms or the negative of these terms and similar expressions are intended to identify these forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond our control. Our actual results could differ materially from those stated or implied in forward-looking statements due to a number of factors, including but not limited to: the ability of our products and services to perform as intended and meet our customers' expectations; our ability to attract new customers and retain and increase sales to existing customers; our ability to increase sales of our Mass Notification application and/or ability to increase sales of our other applications; our ability to successfully integrate

businesses and assets that we have acquired or may acquire in the future; the impact of the global COVID-19 pandemic on our operations and those of our customers and suppliers; the success of the 2022 Strategic Realignment; developments in the market for targeted and contextually relevant critical communications or the associated regulatory environment; our estimates of market opportunity and forecasts of market growth may prove to be inaccurate; we have not been profitable on a consistent basis historically and may not achieve or maintain profitability in the future; the lengthy and unpredictable sales cycles for new customers; nature of our business exposes us to inherent liability risks; our ability to attract, integrate and retain qualified personnel; our ability to maintain successful relationships with our channel partners and technology partners; our ability to manage our growth effectively; our ability to respond to competitive pressures; potential liability related to privacy and security of personally identifiable information; our ability to protect our intellectual property rights, and the other risks detailed in our risk factors discussed in filings with the U.S. Securities and Exchange Commission (“SEC”), including but not limited to our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2022 filed with the SEC on August 9, 2022 and our Annual Report on Form 10-K for the year ended December 31, 2021 filed with the SEC on February 25, 2022. The forward-looking statements included in this press release represent our views as of the date of this press release. We undertake no intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date of this press release.

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## Consolidated Balance Sheets

(in thousands)

(unaudited)

|   | <b>September 30,</b> | <b>December 31,</b> |
|---|----------------------|---------------------|
|   | <b>2022</b>          | <b>2021</b>         |
| Current assets:                             |                      |                     |
| Cash and cash equivalents                   | \$ 486,906           | \$ 488,035          |
| Restricted cash                             | 1,985                | 3,880               |
| Accounts receivable, net                    | 93,330               | 120,995             |
| Prepaid expenses                            | 14,064               | 13,740              |
| Deferred costs and other current assets     | 28,023               | 28,469              |
| Total current assets                        | 624,308              | 655,119             |
| Property and equipment, net                 | 9,387                | 12,185              |
| Capitalized software development costs, net | 27,623               | 22,720              |
| Goodwill                                    | 492,366              | 531,163             |
| Intangible assets, net                      | 178,510              | 219,319             |
| Restricted cash                             | 782                  | 843                 |
| Prepaid expenses                            | 1,575                | 1,916               |
| Deferred costs and other assets             | 31,791               | 35,750              |
| Total assets                                | \$ 1,366,342         | \$ 1,479,015        |

Current liabilities:

|  |              |              |
|--|--------------|--------------|
| Accounts payable                                 | \$ 12,397    | \$ 16,002    |
| Accrued payroll and employee related liabilities | 28,392       | 36,725       |
| Accrued expenses                                 | 11,946       | 13,884       |
| Deferred revenue                                 | 220,488      | 223,579      |
| Convertible senior notes                         | 8            | 8            |
| Other current liabilities                        | 10,342       | 14,132       |
| Total current liabilities                        | 283,573      | 304,330      |
| Long-term liabilities:                           |              |              |
| Deferred revenue, noncurrent                     | 12,550       | 14,261       |
| Convertible senior notes                         | 812,023      | 665,695      |
| Deferred tax liabilities                         | 4,060        | 16,082       |
| Other long-term liabilities                      | 8,946        | 15,958       |
| Total liabilities                                | 1,121,152    | 1,016,326    |
| Stockholders' equity:                            |              |              |
| Common stock                                     | 40           | 39           |
| Additional paid-in capital                       | 714,761      | 853,664      |
| Accumulated deficit                              | (418,285 )   | (388,112 )   |
| Accumulated other comprehensive loss             | (51,326 )    | (2,902 )     |
| Total stockholders' equity                       | 245,190      | 462,689      |
| Total liabilities and stockholders' equity       | \$ 1,366,342 | \$ 1,479,015 |

### Consolidated Statements of Operations and Comprehensive Loss

(in thousands, except share and per share data)  
(unaudited)

|         | Three Months Ended |           | Nine Months Ended |            |
|---------|--------------------|-----------|-------------------|------------|
|         | September 30,      |           | September 30,     |            |
|         | 2022               | 2021      | 2022              | 2021       |
| Revenue | \$ 111,401         | \$ 96,746 | \$ 314,762        | \$ 265,605 |

|  |              |              |              |              |
|--|--------------|--------------|--------------|--------------|
| Cost of revenue  | 35,447       | 30,310       | 100,543      | 83,255       |
| Gross profit   | 75,954       | 66,436       | 214,219      | 182,350      |
|  | 68.18        | % 68.67      | % 68.06      | % 68.65      |
| Operating expenses:  |              |              |              |              |
| Sales and marketing  | 46,580       | 42,426       | 133,755      | 118,436      |
| Research and development   | 25,177       | 23,197       | 75,355       | 61,527       |
| General and administrative   | 23,357       | 19,904       | 72,786       | 67,130       |
| Restructuring  | 37           | —            | 6,779        | —            |
| Total operating expenses   | 95,151       | 85,527       | 288,675      | 247,093      |
| Operating loss   | (19,197 )    | (19,091 )    | (74,456 )    | (64,743 )    |
| Other expense, net:  |              |              |              |              |
| Interest and investment income   | 2,054        | 83           | 2,795        | 316          |
| Interest expense   | (1,312 )     | (9,792 )     | (3,919 )     | (26,007 )    |
| Loss on extinguishment of convertible notes, capped call modification and change in fair value | (4,770 )     | —            | (4,770 )     | (2,925 )     |
| Other income (expense), net  | 1,170        | (623 )       | 1,261        | (1,274 )     |
| Total other expense, net   | (2,858 )     | (10,332 )    | (4,633 )     | (29,890 )    |
| Loss before income taxes   | (22,055 )    | (29,423 )    | (79,089 )    | (94,633 )    |
| Benefit from (provision for) income taxes  | (25 )        | 745          | 1,754        | 10,345       |
| Net loss   | \$ (22,080 ) | \$ (28,678 ) | \$ (77,335 ) | \$ (84,288 ) |
| Net loss per share attributable to common stockholders:  |              |              |              |              |
| Basic  | \$ (0.56 )   | \$ (0.75 )   | \$ (1.95 )   | \$ (2.24 )   |
| Diluted  | \$ (0.56 )   | \$ (0.75 )   | \$ (1.95 )   | \$ (2.24 )   |
| Weighted-average common shares outstanding:  |              |              |              |              |
| Basic  | 39,746,242   | 38,407,313   | 39,583,684   | 37,610,147   |
| Diluted  | 39,746,242   | 38,407,313   | 39,583,684   | 37,610,147   |
| Other comprehensive loss:  |              |              |              |              |

|   |              |              |               |              |
|---|--------------|--------------|---------------|--------------|
| Foreign currency translation adjustment | (19,879 )    | (3,095 )     | (48,424 )     | (4,461 )     |
| Total comprehensive loss                | \$ (41,959 ) | \$ (31,773 ) | \$ (125,759 ) | \$ (88,749 ) |

Stock-based compensation expense included in the above:

(in thousands)

|                                | Three Months Ended |           | Nine Months Ended |           |
|--------------------------------|--------------------|-----------|-------------------|-----------|
|                                | September 30,      |           | September 30,     |           |
|                                | 2022               | 2021      | 2022              | 2021      |
| Cost of revenue                | \$ 1,938           | \$ 1,260  | \$ 4,197          | \$ 3,078  |
| Sales and marketing            | 6,130              | 5,747     | 13,736            | 15,068    |
| Research and development       | 4,543              | 3,106     | 10,497            | 7,696     |
| General and administrative     | 4,796              | 7,328     | 11,272            | 19,789    |
| Total stock-based compensation | \$ 17,407          | \$ 17,441 | \$ 39,702         | \$ 45,631 |

### Consolidated Statements of Cash Flows

(in thousands)  
(unaudited)

|   | Three Months Ended |              | Nine Months Ended |              |
|---|--------------------|--------------|-------------------|--------------|
|   | September 30,      |              | September 30,     |              |
|   | 2022               | 2021         | 2022              | 2021         |
| Cash flows from operating activities:   |                    |              |                   |              |
| Net loss  | \$ (22,080 )       | \$ (28,678 ) | \$ (77,335 )      | \$ (84,288 ) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: |                    |              |                   |              |
| Depreciation and amortization   | 14,562             | 14,226       | 45,253            | 38,080       |
| Amortization of deferred costs  | 4,625              | 3,214        | 13,365            | 10,398       |
| Loss on disposal of assets  | 6                  | 1            | 940               | —            |
| Deferred income taxes   | 436                | (1,454 )     | (7,132 )          | (11,232 )    |

|  |          |          |           |           |
|--|----------|----------|-----------|-----------|
| Accretion of interest on convertible senior notes  | 1,168    | 9,649    | 3,492     | 25,470    |
| Loss on extinguishment of convertible notes, capped call modification and change in fair value | 4,770    | —        | 4,770     | 2,925     |
| Provision for credit losses and sales reserve  | (990 )   | 774      | (712 )    | 2,679     |
| Stock-based compensation   | 17,407   | 17,441   | 39,702    | 45,631    |
| Change in fair value of contingent consideration obligation                                    | —        | (7,103 ) | (57 )     | (7,046 )  |
| Payment of contingent consideration in excess of acquisition date fair value                   | —        | (2,653 ) | —         | (2,653 )  |
| Other non-cash adjustments   | —        | 101      | —         | 13        |
| Changes in operating assets and liabilities:   |          |          |           |           |
| Accounts receivable  | 5,729    | (3,292 ) | 28,760    | 16,020    |
| Prepaid expenses   | 2,085    | 1,015    | 17        | 93        |
| Deferred costs   | (5,627 ) | (3,280 ) | (16,157 ) | (11,387 ) |
| Other assets   | 1,368    | (5,675 ) | 7,591     | (6,525 )  |
| Accounts payable   | 1,015    | (3,475 ) | (3,172 )  | (3,535 )  |
| Accrued payroll and employee related liabilities   | 1,052    | 1,508    | (6,919 )  | (3,812 )  |
| Accrued expenses   | (2,474 ) | 1,865    | (637 )    | 2,836     |
| Deferred revenue   | (152 )   | 3,924    | (4,678 )  | 3,744     |
| Other liabilities  | (4,865 ) | (798 )   | (11,278 ) | (5,430 )  |
| Net cash provided by (used in) operating activities  | 18,035   | (2,690 ) | 15,813    | 11,981    |
| Cash flows from investing activities:  |          |          |           |           |
| Capital expenditures   | (225 )   | (2,042 ) | (2,951 )  | (4,170 )  |
| Proceeds from landlord reimbursement   | 1,219    | —        | 1,219     | —         |
| Payments for acquisition of business, net of acquired cash                                     | (1,202 ) | (2,013 ) | (1,249 )  | (199,679) |
| Additions to capitalized software development costs  | (4,173 ) | (2,797 ) | (11,609 ) | (8,879 )  |
| Net cash used in investing activities  | (4,381 ) | (6,852 ) | (14,590 ) | (212,728) |
| Cash flows from financing activities:  |          |          |           |           |
| Proceeds from issuance of convertible notes  | —        | —        | —         | 375,000   |
| Payments of debt issuance costs  | —        | (249 )   | —         | (10,640 ) |



|  |            |            |            |            |
|--|------------|------------|------------|------------|
| Purchase of convertible notes capped call hedge                        | —          | —          | —          | (35,100 )  |
| Repurchase of convertible notes  | —          | —          | —          | (58,641 )  |
| Proceeds from termination of convertible notes capped call hedge       | —          | —          | —          | 10,650     |
| Payments of contingent consideration                                   | —          | (2,540 )   | —          | (2,540 )   |
| Shares withheld to settle employee tax withholding liability           | (1,913 )   | (3,556 )   | (4,208 )   | (6,399 )   |
| Proceeds from employee stock purchase plan                             | 1,463      | 2,136      | 3,165      | 4,587      |
| Proceeds from stock option exercises                                   | 17         | 784        | 99         | 2,947      |
| Other  | (17 )      | —          | (55 )      | —          |
| Net cash provided by (used in) financing activities                    | (450 )     | (3,425 )   | (999 )     | 279,864    |
| Effect of exchange rates on cash, cash equivalents and restricted cash | (1,010 )   | (369 )     | (3,309 )   | 219        |
| Net increase (decrease) in cash, cash equivalents and restricted cash  | 12,194     | (13,336 )  | (3,085 )   | 79,336     |
| Cash, cash equivalents and restricted cash—beginning of period         | 477,479    | 568,302    | 492,758    | 475,630    |
| Cash, cash equivalents and restricted cash—end of period               | \$ 489,673 | \$ 554,966 | \$ 489,673 | \$ 554,966 |

**Reconciliation of GAAP measures to non-GAAP measures**  
(in thousands, except share and per share data)  
(unaudited)

|                                      | Three Months Ended |           | Nine Months Ended |            |
|--------------------------------------|--------------------|-----------|-------------------|------------|
|                                      | September 30,      |           | September 30,     |            |
|                                      | 2022               | 2021      | 2022              | 2021       |
| Cost of revenue                      | \$ 35,447          | \$ 30,310 | \$ 100,543        | \$ 83,255  |
| Amortization of acquired intangibles | (2,790 )           | (3,191 )  | (9,055 )          | (8,773 )   |
| Stock-based compensation             | (1,938 )           | (1,260 )  | (4,197 )          | (3,078 )   |
| 2022 Strategic Realignment           | (259 )             | —         | (694 )            | —          |
| Non-GAAP cost of revenue             | \$ 30,460          | \$ 25,859 | \$ 86,597         | \$ 71,404  |
| Gross profit                         | \$ 75,954          | \$ 66,436 | \$ 214,219        | \$ 182,350 |
| Amortization of acquired intangibles | 2,790              | 3,191     | 9,055             | 8,773      |

|  |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
| Stock-based compensation                         | 1,938         | 1,260         | 4,197         | 3,078         |
| 2022 Strategic Realignment                       | 259           | —             | 694           | —             |
| Non-GAAP gross profit                            | \$ 80,941     | \$ 70,887     | \$ 228,165    | \$ 194,201    |
| <i>Non-GAAP gross margin</i>                     | <i>72.7 %</i> | <i>73.3 %</i> | <i>72.5 %</i> | <i>73.1 %</i> |
| Sales and marketing                              | \$ 46,580     | \$ 42,426     | \$ 133,755    | \$ 118,436    |
| Stock-based compensation                         | (6,130 )      | (5,747 )      | (13,736 )     | (15,068 )     |
| 2022 Strategic Realignment                       | (426 )        | —             | (634 )        | —             |
| Non-GAAP sales and marketing                     | \$ 40,024     | \$ 36,679     | \$ 119,385    | \$ 103,368    |
| Research and development                         | \$ 25,177     | \$ 23,197     | \$ 75,355     | \$ 61,527     |
| Stock-based compensation                         | (4,543 )      | (3,106 )      | (10,497 )     | (7,696 )      |
| 2022 Strategic Realignment                       | (396 )        | —             | (609 )        | —             |
| Non-GAAP research and development                | \$ 20,238     | \$ 20,091     | \$ 64,249     | \$ 53,831     |
| General and administrative                       | \$ 23,357     | \$ 19,904     | \$ 72,786     | \$ 67,130     |
| Amortization of acquired intangibles             | (7,538 )      | (7,798 )      | (24,073 )     | (20,051 )     |
| Change in fair value of contingent consideration | —             | 7,103         | 57            | 7,046         |
| Stock-based compensation                         | (4,796 )      | (7,328 )      | (11,272 )     | (19,789 )     |
| 2022 Strategic Realignment                       | (106 )        | —             | (2,102 )      | —             |
| Non-GAAP general and administrative              | \$ 10,917     | \$ 11,881     | \$ 35,396     | \$ 34,336     |
| Restructuring (2022 Strategic Realignment)       | \$ 37         | \$ —          | \$ 6,779      | \$ —          |
| Total operating expenses                         | \$ 95,151     | \$ 85,527     | \$ 288,675    | \$ 247,093    |
| Amortization of acquired intangibles             | (7,538 )      | (7,798 )      | (24,073 )     | (20,051 )     |
| Change in fair value of contingent consideration | —             | 7,103         | 57            | 7,046         |

|  |             |             |             |             |
|--|-------------|-------------|-------------|-------------|
| Stock-based compensation                         | (15,469)    | (16,181)    | (35,505)    | (42,553)    |
| 2022 Strategic Realignment                       | (965)       | —           | (10,124)    | —           |
| Non-GAAP operating expenses                      | \$ 71,179   | \$ 68,651   | \$ 219,030  | \$ 191,535  |
| Operating loss                                   | \$ (19,197) | \$ (19,091) | \$ (74,456) | \$ (64,743) |
| Amortization of acquired intangibles             | 10,328      | 10,989      | 33,128      | 28,824      |
| Change in fair value of contingent consideration | —           | (7,103)     | (57)        | (7,046)     |
| Stock-based compensation                         | 17,407      | 17,441      | 39,702      | 45,631      |
| 2022 Strategic Realignment                       | 1,224       | —           | 10,818      | —           |
| Non-GAAP operating income                        | \$ 9,762    | \$ 2,236    | \$ 9,135    | \$ 2,666    |

**Reconciliation of GAAP measures to non-GAAP measures (Continued)**

(in thousands)  
(unaudited)

|  | Three Months Ended |               | Nine Months Ended |               |
|--|--------------------|---------------|-------------------|---------------|
|  | September 30,      |               | September 30,     |               |
|  | 2022               | 2021          | 2022              | 2021          |
| Net loss   | \$ (22,080)        | ) \$ (28,678) | ) \$ (77,335)     | ) \$ (84,288) |
| Amortization of acquired intangibles   | 10,328             | 10,989        | 33,128            | 28,824        |
| Change in fair value of contingent consideration   | —                  | (7,103)       | (57)              | (7,046)       |
| Stock-based compensation   | 17,407             | 17,441        | 39,702            | 45,631        |
| 2022 Strategic Realignment   | 1,227              | —             | 10,821            | —             |
| Accretion of interest on convertible senior notes  | 1,168              | 9,649         | 3,492             | 25,470        |
| Loss on extinguishment of convertible notes, capped call modification and change in fair value | 4,770              | —             | 4,770             | 2,925         |
| Income tax adjustments   | (510)              | ) (185)       | ) (1,321)         | ) 70          |
| Non-GAAP net income  | \$ 12,310          | \$ 2,113      | \$ 13,200         | \$ 11,586     |

Non-GAAP net income per share:

|  |                           |              |                          |              |
|--|---------------------------|--------------|--------------------------|--------------|
| Basic  | \$ 0.31                   | \$ 0.06      | \$ 0.33                  | \$ 0.31      |
| Diluted  | \$ 0.27                   | \$ 0.05      | \$ 0.29                  | \$ 0.26      |
| Weighted-average common shares outstanding:  |                           |              |                          |              |
| Basic  | 39,746,242                | 38,407,313   | 39,583,684               | 37,610,147   |
| Diluted  | 46,061,330                | 45,548,246   | 45,957,546               | 44,726,800   |
|  | <b>Three Months Ended</b> |              | <b>Nine Months Ended</b> |              |
|  | <b>September 30,</b>      |              | <b>September 30,</b>     |              |
|  | <b>2022</b>               | <b>2021</b>  | <b>2022</b>              | <b>2021</b>  |
| Net loss   | \$ (22,080 )              | \$ (28,678 ) | \$ (77,335 )             | \$ (84,288 ) |
| Interest and investment expense, net   | (742 )                    | 9,709        | 1,124                    | 25,691       |
| (Benefit from) provision for income taxes  | 25                        | (745 )       | (1,754 )                 | (10,345 )    |
| Depreciation and amortization  | 14,562                    | 14,226       | 45,253                   | 38,080       |
| EBITDA   | (8,235 )                  | (5,488 )     | (32,712 )                | (30,862 )    |
| Loss on extinguishment of convertible notes, capped call modification and change in fair value | 4,770                     | —            | 4,770                    | 2,925        |
| Change in fair value of contingent consideration   | —                         | (7,103 )     | (57 )                    | (7,046 )     |
| Stock-based compensation   | 17,407                    | 17,441       | 39,702                   | 45,631       |
| 2022 Strategic Realignment   | 1,227                     | —            | 10,821                   | —            |
| Adjusted EBITDA  | \$ 15,169                 | \$ 4,850     | \$ 22,524                | \$ 10,648    |
| Net cash provided by (used in) operating activities  | \$ 18,035                 | \$ (2,690 )  | \$ 15,813                | \$ 11,981    |
| Capital expenditures   | (225 )                    | (2,042 )     | (2,951 )                 | (4,170 )     |
| Capitalized software development costs   | (4,173 )                  | (2,797 )     | (11,609 )                | (8,879 )     |
| Free cash flow   | 13,637                    | (7,529 )     | 1,253                    | (1,068 )     |
| Cash payments for 2022 Strategic Realignment   | 1,760                     | —            | 8,079                    | —            |
| Adjusted free cash flow  | \$ 15,397                 | \$ (7,529 )  | \$ 9,332                 | \$ (1,068 )  |

**Remaining Performance Obligations as of September 30, 2022**  
(in millions)

|                                     | Remaining Performance Obligations | Remaining Performance Obligations<br>Next Twelve Months |
|-------------------------------------|-----------------------------------|---|
| Subscription and other contracts \$ | 454                               | \$ 284  |
| Professional services contracts     | 17                                | 14  |

### Financial Outlook

(in millions, except share and per share data)

|  | Year Ended         |            |                   |             |                       |            |
|--|--------------------|------------|-------------------|-------------|-----------------------|------------|
|  | Three Months Ended |            | Year Ended        |             | December 31, 2022     |            |
|  | December 31, 2022  |            | December 31, 2022 |             | Issued August 9, 2022 |            |
|  | Low End            | High End   | Low End           | High End    | Low End               | High End   |
| Net loss   | \$ (27.5 )         | \$ (27.1 ) | \$ (104.8 )       | \$ (104.4 ) | (112.5 )              | (110.5 )   |
| Amortization of acquired intangibles   | 11.9               | 11.9       | 45.0              | 45.0        | 47.0                  | 47.0       |
| Change in fair value of contingent consideration   | —                  | —          | (0.1 )            | (0.1 )      | (0.1 )                | (0.1 )     |
| Accretion of interest on convertible senior notes  | 1.2                | 1.2        | 4.7               | 4.7         | 4.8                   | 4.8        |
| Loss on extinguishment of convertible notes, capped call modification and change in fair value | —                  | —          | 4.8               | 4.8         | —                     | —          |
| 2022 Strategic Realignment   | 9.6                | 9.6        | 20.4              | 20.4        | 16.5                  | 16.5       |
| Stock-based compensation   | 19.3               | 19.3       | 59.0              | 59.0        | 62.0                  | 62.0       |
| Income tax adjustments   | (0.5 )             | (0.5 )     | (1.8 )            | (1.8 )      | (2.0 )                | (2.0 )     |
| Non-GAAP net income  | \$ 14.0            | \$ 14.4    | \$ 27.2           | \$ 27.6     | \$ 15.7               | \$ 17.7    |
| Weighted average common shares outstanding:  |                    |            |                   |             |                       |            |
| Basic  | 39,900,000         | 39,900,000 | 39,500,000        | 39,500,000  | 40,200,000            | 40,200,000 |
| Diluted  | 46,500,000         | 46,500,000 | 46,300,000        | 46,300,000  | 47,000,000            | 47,000,000 |
| Net loss per share   | \$ (0.69 )         | \$ (0.68 ) | \$ (2.65 )        | \$ (2.64 )  | \$ (2.80 )            | \$ (2.75 ) |
| Non-GAAP net income per share  | \$ 0.30            | \$ 0.31    | \$ 0.59           | \$ 0.60     | \$ 0.33               | \$ 0.38    |

|  |          |   |          |   |           |   |           |   |           |   |           |   |
|--|----------|---|----------|---|-----------|---|-----------|---|-----------|---|-----------|---|
| Net loss   | \$ (27.5 | ) | \$ (27.1 | ) | \$ (104.8 | ) | \$ (104.4 | ) | \$ (112.5 | ) | \$ (110.5 | ) |
| Interest expense, net  | 0.6      |   | 0.6      |   | 1.7       |   | 1.7       |   | 4.8       |   | 4.8       |   |
| Income taxes, net  | (0.6     | ) | (0.6     | ) | (2.3      | ) | (2.3      | ) | (2.0      | ) | (2.0      | ) |
| Depreciation and amortization  | 16.7     |   | 16.7     |   | 62.0      |   | 62.0      |   | 68.3      |   | 68.3      |   |
| EBITDA   | (10.8    | ) | (10.4    | ) | (43.4     | ) | (43.0     | ) | (41.4     | ) | (39.4     | ) |
| Change in fair value of contingent consideration   | —        |   | —        |   | (0.1      | ) | (0.1      | ) | (0.1      | ) | (0.1      | ) |
| Loss on extinguishment of convertible notes, capped call modification and change in fair value | —        |   | —        |   | 4.8       |   | 4.8       |   | —         |   | —         |   |
| 2022 Strategic Realignment   | 9.6      |   | 9.6      |   | 20.4      |   | 20.4      |   | 16.5      |   | 16.5      |   |
| Stock-based compensation   | 19.3     |   | 19.3     |   | 59.0      |   | 59.0      |   | 62.0      |   | 62.0      |   |
| Adjusted EBITDA  | \$ 18.1  |   | \$ 18.5  |   | \$ 40.7   |   | \$ 41.1   |   | \$ 37.0   |   | \$ 39.0   |   |

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