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

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report: October 11, 2019

Date of earliest event reported: July 29, 2019

Everbridge, Inc.
(Exact name of registrant as specified in its charter)

Delaware	001-37874	26-2919312
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

25 Corporate Drive, Suite 400, Burlington, Massachusetts	01803
(Address of principal executive offices)	(Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value	**EVBG**	**The Nasdaq Stock Market**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

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

Explanatory Note:

On August 2, 2019, Everbridge, Inc. (the "Company") filed a Current Report on Form 8-K (the "Original 8-K") regarding, among other things, its entry into a Membership Interest Purchase Agreement (the "Purchase Agreement") with NC4 Inc., NC4 Public Sector LLC, and Celerium Group Inc., dated July 29, 2019, pursuant to which the Company purchased all of the outstanding membership interests of NC4 Inc. and NC4 Public Sector (collectively "NC4") (the "Acquisition"). On August 1, 2019, the Acquisition was consummated pursuant to the Purchase Agreement, except the transfer of the NC4 Public Sector business which was consummated on September 30, 2019.

This Amendment No. 1 ("Amendment No. 1") to the Current Report on Form 8-K/A amends and supplements the Original 8-K filed by the Company, and is being filed to provide the historical financial statements and the pro forma financial information required pursuant to Items 9.01(a) and 9.01(b) of Form 8-K, respectively. In accordance with the requirements of Items 9.01(a)(4) and 9.01(b)(2) of Form 8-K, this Amendment No. 1 is being filed within 71 calendar days of the date that the Original 8-K was required to be filed with respect to the above referenced transactions.

Item 9.01. Financial Statements and Exhibits

(a) Financial Statements of Business Acquired

The audited consolidated financial statements of NC4 as of and for the year ended December 31, 2018 are filed as Exhibit 99.1 to this report and are incorporated herein by reference.

The unaudited consolidated interim financial statements of NC4 as of and for the six months ended June 30, 2019 and 2018 are filed as Exhibit 99.2 to this report and are incorporated herein by reference.

(b) Pro Forma Financial Information

The unaudited condensed pro forma combined financial information as of and for the six months ended June 30, 2019 and for the year ended December 31, 2018 with respect to the Company's acquisition of NC4 is filed as Exhibit 99.3 to this report and is incorporated herein by reference.

The unaudited pro forma financial information is presented for informational purposes only. The pro forma data is not necessarily indicative of what the combined entity's financial position or results of operations would have been had the transaction been completed at and as of the dates indicated. In addition, the unaudited pro forma financial information does not purport to project the future financial position or operating results of the combined entity.

(d) Exhibits

Exhibit No.	Description
23.1	Consent of Holthouse Carlin & Van Trigt LLP
99.1	Audited consolidated financial statements as of and for the year ended December 31, 2018 of NC4
99.2	Unaudited interim financial statements as of and for the six months ended June 30, 2019 and 2018 of NC4
99.3	Unaudited condensed pro forma combined financial information as of and for the six months ended June 30, 2019 and for the year ended December 31, 2018 with respect to the Company's acquisition of NC4
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Everbridge, Inc.

Dated: October 11, 2019

By: /s/ Elliot J. Mark
Elliot J. Mark
Senior Vice President, General Counsel and Secretary

Exhibit 23.1

Consent of Independent Auditors

We consent to the incorporation by reference in Registration Statements on Form S-8 No. (333-230032, 333-216909, 333-213679 and 333-227502) and on Form S-3 (333-229239 and 333-220777) of Everbridge, Inc. of our report dated July 28, 2019, relating to the financial statements of NC4 Inc. and NC4 Public Sector LLC, appearing in this Current Report on Form 8-K/A of Everbridge, Inc.

/s/ Holthouse Carlin & Van Trigt LLP

Los Angeles, California
October 11, 2019

Exhibit 99.1

NC4 Inc. and NC4 Public Sector LLC

Consolidated Carve-Out Financial Statements

December 31, 2018

NC4 INC. AND NC4 PUBLIC SECTOR LLC
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DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Stockholders of
NC4 Inc.:

We have audited the accompanying consolidated carve-out financial statements of NC4 Inc. and NC4 Public Sector LLC, which do not include any other subsidiaries of NC4 Inc., and also exclude Street Smart, a business unit of NC4 Public Sector LLC (collectively, the "Carve-out Entity"), which comprise the consolidated carve-out balance sheet as of December 31, 2018, and the related consolidated carve-out statements of operations, changes in stockholders' deficit, and cash flows for the year then ended, and the related notes to the consolidated carve-out financial statements.

Management's Responsibility for the Consolidated Carve-out Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated carve-out financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated carve-out financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated carve-out financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated carve-out financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated carve-out financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated carve-out financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated carve-out financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated carve-out financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated carve-out financial statements referred to above present fairly, in all material respects, the financial position of the Carve-out Entity as of December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

HCVT
HOLTHOUSE | CARLIN | VAN TRIGT LLP

Emphasis of Matter

As discussed in Note 1 to the consolidated carve-out financial statements, NC4 Public Sector LLC, a wholly owned subsidiary of NC4 Inc., primarily is comprised of two distinct business units known as E-Team and Street Smart. All identifiable assets, liabilities, and business activities pertaining to the Street Smart business unit are excluded from the consolidated carve-out financial statements. NC4 Public Sector LLC, excluding the Street Smart business unit, is referred to as "Public Sector." Accordingly, the consolidated carve-out financial statements include the accounts of NC4 Inc. and Public Sector and do not include any other subsidiaries or business units of NC4 Inc. Our opinion is not modified with respect to that matter.

Holthouse Carlin & Van Trigt LLP

Los Angeles, California
July 28, 2019

NC4 INC. AND NC4 PUBLIC SECTOR LLC
CONSOLIDATED CARVE-OUT BALANCE SHEET

AS OF DECEMBER 31,	2018
Assets	
Current assets:	
Cash and cash equivalents	$ 546,931
Accounts receivable, net	3,326,193
Unbilled accounts receivable	220,530
Due from affiliates	7,690
Prepaid expenses and other current assets	1,315,738
Total current assets	5,417,082
Property and equipment, net	359,719
Goodwill	776,000
Intangible assets, net	136,245
Other assets	34,427
Total assets	$ 6,723,473
Liabilities and Stockholders' Deficit	
Current liabilities:	
Accounts payable	$ 321,106
Accrued expenses	3,302,568
Deferred revenue	8,462,144
Total current liabilities	12,085,818
Deferred rent	38,187
Total liabilities	12,124,005
Commitments and contingencies (see notes)	
Stockholders' deficit:	
Common stock, $0.001 par value, 3,000 shares authorized, 1,515 shares issued and outstanding	2
Additional paid-in capital	59,437,701
Stockholders' net investments	(13,307,684)
Accumulated deficit	(51,530,551)
Total stockholders' deficit	(5,400,532)
Total liabilities and stockholders' deficit	$ 6,723,473

See accompanying notes to the consolidated carve-out financial statements.

NC4 INC. AND NC4 PUBLIC SECTOR LLC
CONSOLIDATED CARVE-OUT STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31,	2018
Revenues, net	$ 17,960,083
Operating expenses:	
Cost of revenues	6,293,679
Selling, general and administrative expenses	9,145,120
Total operating expenses	15,438,799
Operating income	2,521,284
Other expenses	
Loss on disposition of assets	1,751
Interest expense	1,332
Total other expense	3,083
Income before provision for state income taxes	2,518,201
Provision for state income taxes	1,600
Net income	$ 2,516,601

See accompanying notes to the consolidated carve-out financial statements.

NC4 INC. AND NC4 PUBLIC SECTOR LLC

CONSOLIDATED CARVE-OUT STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT

	Common Stock		Additional Paid-in	Stockholders'	Accumulated	
	Shares	Amount	Capital	Net investments	Deficit	Total
Balance, December 31, 2017	1,515	$ 2	$52,433,114	$ (2,491,329)	$(54,047,152)	$ (4,105,365)
Contributions	—	—	7,004,587	—	—	7,004,587
Net change in intercompany receivable and payable balances including NC4 Inc.'s investments in other subsidiaries	—	—	—	(10,816,355)	—	(10,816,355)
Net income	—	—	—	—	2,516,601	2,516,601
Balance, December 31, 2018	1,515	$ 2	$59,437,701	$ (13,307,684)	$(51,530,551)	$ (5,400,532)

See accompanying notes to the consolidated carve-out financial statements.

NC4 INC. AND NC4 PUBLIC SECTOR LLC
CONSOLIDATED CARVE-OUT STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31,	2018
Cash flows from operating activities:	
Net income	$ 2,516,601
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	245,171
Accrued sales and use taxes	464,412
Loss on disposition of assets	1,751
Changes in operating assets and liabilities:	
Accounts receivable	(481,667)
Unbilled accounts receivable	(180,205)
Due from affiliates	103,094
Prepaid expenses and other current assets	(90,161)
Other assets	2,170
Accounts payable	77,660
Accrued expenses	(12,760)
Deferred revenue	1,374,872
Deferred rent	(16,342)
Net cash provided by operating activities	4,004,596
Cash flows from investing activities:	
Purchases of property and equipment	(72,922)
Cash used in investing activities	(72,922)
Cash flows from financing activities:	
Proceeds from bank line of credit	100,000
Repayments on bank line of credit	(100,000)
Capital contributions	7,004,587
Net change in intercompany receivable and payable balances including NC4 Inc.'s investments in other subsidiaries	(10,816,355)
Net cash used in financing activities	(3,811,768)
Net change in cash and cash equivalents	119,906
Cash and cash equivalents, beginning of year	427,025
Cash and cash equivalents, end of year	$ 546,931
Supplemental disclosures of cash flow information:	
Cash paid for the following during the year:	
Cash paid for interest	$ 1,332
Cash paid for state and local income taxes	$ 1,600

See accompanying notes to the consolidated carve-out financial statements.

1. ORGANIZATION AND BUSINESS

NC4 Inc. ("NC4"), incorporated in the state of Delaware on January 9, 2004, is headquartered in El Segundo, California. NC4 formed NC4 Public Sector LLC in the state of Delaware on August 17, 2005. NC4 Public Sector LLC primarily is comprised of two distinct business units known as E-Team and Street Smart. All identifiable assets, liabilities, and business activities pertaining to the Street Smart business unit are excluded from the accompanying consolidated carve-out financial statements. NC4 Public Sector LLC, excluding the Street Smart business unit, is herein referred to as "Public Sector." NC4 and Public Sector, collectively referred to as the "Carve-out Entity," have developed unique technologies and processes to collect, curate, enhance and disseminate information to both private and public sector clients who leverage that data for the benefit of their constituents.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method The Carve-out Entity maintains its accounting records on an accrual method in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation The accompanying consolidated carve-out financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The consolidated carve-out balance sheet, consolidated carve-out statements of operations, changes in stockholders' deficit, and cash flows of the Carve-out Entity exclude the financial results of The ESP Group Inc. and NC4 Soltra LLC, both of which are wholly owned subsidiaries of NC4 Inc., and the Street Smart business unit of NC4 Public Sector LLC (collectively, the "Excluded Business Units"), have been derived from historical accounting records of NC4 Inc. and its subsidiaries, and are presented on a carve-out basis. Historically, the consolidated financial statements have included the financial results of the Excluded Business Units.

All revenue and costs as well as assets and liabilities directly associated with the business activities of the Carve-out Entity are included in the accompanying consolidated carve-out financial statements. The consolidated carve-out financial statements also exclude allocations of certain operating, selling, and administrative expenses of the Excluded Business Units. These allocations were based on methodologies that management believes to be reasonable; however, amounts derecognized by the Carve-out Entity are not necessarily representative of the amounts that would have been reflected in the consolidated carve-out financial statements had the Excluded Business Units operated independently of the Carve-out Entity.

Historically, NC4 Inc. and its subsidiaries have used a centralized approach to certain aspects of its operations. Any intercompany assets or liabilities related to the Excluded Business Units are classified as part of equity, with expectations that such intercompany balances will be forgiven concurrent with a contemplated transaction. All significant intercompany accounts and transactions among the businesses comprising the Carve-out Entity have been eliminated in the accompanying consolidated carve-out financial statements.

Use of Estimates The preparation of consolidated carve-out financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated carve-out financial statements, as well as reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Revenue Recognition The Carve-out Entity enters into various types of service arrangements that offer professional services, including significant customization of software, consulting implementation services, perpetual licenses of software, hosting services, or maintenance and customer support services in various combinations. In certain arrangements, software licenses and customization of software services are provided together with maintenance and customer support services. In other arrangements, the Carve-out Entity offers consulting implementation services or hosting services without granting the customer a software license.

Revenue from software license and product support services is accounted for in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Subtopic 985-605, *Software – Revenue Recognition* (“FASB ASC 985-605”). Substantially all of the Carve-out Entity’s software licenses are sold in multiple-element arrangements that include both professional services and post-contract customer support (“PCS”) and are allocated between the elements based on acceptable fair value allocation methodologies, so long as each element meets the criteria for treatment as a separate unit of accounting.

An item is considered a separate unit of accounting if it has value to the customer on a stand-alone basis and there is objective and reliable evidence of the fair value of the undelivered items. The fair value of each undelivered element is determined, if sold separately, by the price charged or, if not sold separately, by other acceptable objective evidence. When the criteria for a separate unit of accounting are not met, the deliverable is combined with the undelivered elements and treated as a single unit of accounting for the purposes of allocation of the arrangement consideration and revenue recognition. For those units of accounting that include more than one deliverable but are treated as a single unit of accounting, the Carve-out Entity generally recognizes revenues over the delivery period.

Software arrangements that include professional services providing significant customization of software are accounted for by applying the percentage-of-completion method in accordance with FASB ASC Subtopic 605-35, *Revenue Recognition – Construction-Type and Production-Type Contracts*. Progress toward completion is measured by a comparison of the total hours incurred on the project to date to the total estimated hours required upon completion of the project. When current contract estimates indicate that a loss is probable, a provision is made for the total anticipated loss in the current period. Contract losses are determined to be the amount by which the estimated service-delivery costs of the contract exceed the estimated revenue that will be generated by the contract. Unbilled accounts receivable represent revenue for services performed that have not yet been billed as of the balance sheet date.

Billings in excess of revenue recognized are recorded as deferred revenue until the applicable revenue recognition criteria are met. Arrangements that require significant customization of software and include PCS are accounted for under the guidance of FASB ASC 985-605. When arrangements accounted for using contract accounting include PCS, and vendor specific objective evidence (“VSOE”) of fair value for the PCS exists, the arrangement consideration is first allocated using the residual method. Under the residual method, the entire consideration less VSOE of fair value for the PCS is allocated to the software element and recognized based on the percentage-of-completion method of accounting. Arrangements that contain perpetual software licensing and maintenance services are also accounted for by applying the residual method when VSOE of fair value for the maintenance services exists. The entire arrangement fee less VSOE of fair value of maintenance services is allocated to the perpetual license element and recognized at the execution of the agreement. The remaining fee is recognized ratably over the maintenance service period.

When customer acceptance provisions exist in software arrangements, software license revenues are recognized upon delivery and when all other revenue recognition criteria have been met. Certain software license arrangements include software license updates and product support contracts, which are entered into at the customer's option and are recognized ratably over the term of the arrangement, typically one to three years. Software license updates provide customers with rights to unspecified software product upgrades and maintenance releases during the term of the PCS period. PCS includes internet access to technical content as well as internet and telephone access to technical support personnel. Revenue from PCS is recognized ratably over the term of the PCS period. When VSOE of fair value of PCS does not exist, the entire arrangement consideration is recognized ratably over the term of the PCS period.

Revenue from non-software arrangements that include multiple elements is accounted for in accordance with FASB ASC Subtopic 605-25, *Revenue Recognition – Multiple-Element Arrangements* ("FASB ASC 605-25"). In accordance with FASB ASC 605-25, the Carve-out Entity allocates consideration at the inception of an arrangement to each unit of accounting based on the relative selling price method in accordance with the selling price hierarchy. The objective of the hierarchy is to determine the price at which the Carve-out Entity would transact a sale if the element were sold on a stand-alone basis, and requires the use of: (i) VSOE if available; (ii) third-party evidence (''TPE''), if VSOE is not available; and (iii) best estimate of selling price (''BESP''), if neither VSOE nor TPE is available. Since VSOE or TPE are not typically available, BESP is generally used to allocate the selling price to each unit of accounting. The Carve-out Entity determines BESP for units of account by considering multiple factors including, but not limited to, prices charged for similar offerings, sales volumes, and other factors contemplated in negotiating multiple element transactions. Revenue under such contracts is recognized based upon the levels of services delivered in the periods in which they are provided.

Fair Value Measurement FASB ASC Topic 820, *Fair Value Measurement* ("FASB ASC 820"), provides a framework for measuring fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under FASB ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs that may be used to measure fair value.

The Carve-out Entity uses the following methods and assumptions to estimate the fair value of its financial instruments:

- Level 1 – Quoted prices in active markets for identical assets or liabilities that the Carve-out Entity has the ability to access at the measurement date;
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities 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 – Discounted cash flow analysis using unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The fair values of acquired assets and assumed liabilities further described in Note 3 were based on a third-party valuation utilizing significant inputs that are not observable in the market and, therefore, represent non-recurring Level 3 measurements.

Cash and Cash Equivalents Cash and cash equivalents include cash and liquid investments with original maturities of 90 days or less upon acquisition.

Accounts Receivable and Allowance for Doubtful Accounts Accounts receivable are customer obligations due under normal trade terms. The Carve-out Entity performs continuing credit evaluations on each customer's financial condition and senior management reviews accounts receivable on a monthly basis to determine if any receivable will potentially be uncollectible. The Carve-out Entity includes any accounts receivable balances that are determined to be uncollectible in the allowance for doubtful accounts. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Management believes that no allowance for doubtful accounts as of December 31, 2018, is deemed necessary.

Property and Equipment Property and equipment are stated at cost less accumulated depreciation and amortization. Expenditures for maintenance and repairs are charged to operations as incurred. Depreciation of property and equipment is computed on a straight-line basis over the estimated useful lives of the related assets, ranging from three to five years. Leasehold improvements are amortized on a straight-line basis over the term of the lease or estimated useful life, whichever is shorter. When assets are retired or otherwise disposed of, the assets and related accumulated depreciation and amortization are eliminated from the accounts and any resulting gain or loss is reflected in operations.

Recoverability of Long-Lived Assets In accordance with FASB ASC Subtopic 360-10, *Property, Plant and Equipment – Impairment or Disposal of Long Lived Assets*, property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. No impairment losses were recognized for the year ended December 31, 2018.

Goodwill and Intangible Assets The Carve-out Entity accounts for goodwill and other intangible assets in accordance with FASB ASC Topic 350, *Intangibles – Goodwill and Other* ("FASB ASC 350"), under which goodwill and indefinite lived intangible assets are tested for impairment at least on an annual basis. Under FASB ASC 350, the carrying value of goodwill is evaluated for potential impairment on an annual basis or more frequently if events or circumstances indicate that impairment may have occurred. Such circumstances could include, but are not limited to (1) a significant adverse change in legal factors or in business climate, (2) unanticipated competition, or (3) an adverse action or assessment by a regulator. When evaluating whether goodwill is impaired, the Carve-out Entity compares the fair value of the reporting unit to which the goodwill is assigned to the reporting unit's carrying amount, including goodwill. If the carrying amount of a reporting unit

exceeds its fair value, then the amount of the impairment loss must be measured. The impairment loss would be calculated by comparing the implied fair value of reporting unit goodwill to its carrying amount. In calculating the implied fair value of reporting unit goodwill, the fair value of the reporting unit is allocated to all of the other assets and liabilities of that unit based on their fair values. The excess of the fair value of a reporting unit over the amount assigned to its other assets and liabilities is the implied fair value of goodwill. An impairment loss would be recognized when the carrying amount of goodwill exceeds its implied fair value.

Software Development Costs The Carve-out Entity accounts for software development costs intended for software arrangements that are within the scope of FASB ASC 985-605 in accordance with FASB ASC Subtopic 985-20, *Costs of Software to Be Sold, Leased, or Marketed* ("FASB ASC 985-20"). FASB ASC 985-20 requires product development costs to be charged to expense as incurred until technological feasibility is attained and all other research and development activities for the product have been completed. Technological feasibility is attained when the Carve-out Entity has completed the planning, design, and testing phase of development and has been determined viable for its intended use, which typically occurs when beta testing commences. The time between the attainment of technological feasibility and the completion of software development has historically been relatively short with immaterial amounts of development costs incurred during this period. Accordingly, the Carve-out Entity has not capitalized any development costs associated with software to be sold, leased, or marketed. All research and development costs are expensed as incurred.

Software as a service ("SaaS") arrangements that are not within the scope of FASB ASC 985-605 or software that is not considered more-than-incidental to the products or services that it is included in or sold with, are accounted for in accordance with FASB ASC Subtopic 350-40, *Intangibles – Goodwill and Other – Internal-Use Software* ("FASB ASC 350-40"). FASB ASC 350-40 requires the capitalization of qualifying computer software costs, which are incurred during the application development stage. Upgrades and enhancements are capitalized if they result in added functionality which enables the software to perform tasks it was previously incapable of performing. Software maintenance, training, data conversion and business process reengineering costs are expensed as incurred. The Carve-out Entity applies an agile software development approach for its SaaS model applications, where it develops various beta versions without designing a specific path including software configuration and interfaces until such beta versions are accepted. FASB ASC 350-40 suggests that a beta version is developed in the preliminary project stage, during which any development costs shall be expensed as incurred until management with the authority makes a final selection of alternatives. The Carve-out Entity's agile approach allows developing and re-developing various versions repeatedly until it achieves the satisfactory rating without specifically requiring management to make a final selection during the process. Furthermore, the time spent in the application development stage for its SaaS model applications has been historically short with immaterial amounts of development costs incurred during this period. Accordingly, the Carve-out Entity has not capitalized any development costs associated with SaaS arrangements that require the agile software development approach.

Deferred Revenue The Carve-out Entity invoices customers in excess of revenue recognized on certain revenue arrangements. Billings in excess of recognized revenue are deferred until the criteria for revenue recognition are met. Deferred revenue in the amounts of approximately $8,462,000 as of December 31, 2018, is included in the accompanying consolidated carve-out balance sheet.

Lease Accounting The Carve-out Entity's leases are accounted for under the provisions of FASB ASC Topic 840, *Leases*, which require that leases be evaluated and classified as operating or capital leases for financial reporting purposes. For leases classified as capital leases, assets and related lease obligations measured at their estimated present value of minimum lease payments are recorded on the consolidated carve-out balance sheet at the beginning of the lease term. Leases that are not treated as capital leases are classified as operating leases. Minimum base rent for operating leases, which generally have escalating rentals over the terms of the leases, are recorded on a straight-line basis over the initial lease term and those renewal periods that are reasonably assured. Liabilities for deferred rent in the amounts of approximately $38,000 as of December 31, 2018, are included in deferred rent on the accompanying consolidated carve-out balance sheet.

Advertising Costs The Carve-out Entity expenses advertising costs as incurred. Advertising expense for the year ended December 31, 2018 amounted to approximately $38,000.

Income Taxes NC4 has elected S corporation status under the Internal Revenue Code, and NC4 Public Sector LLC is a single-member limited liability company treated as a disregarded entity for federal and state income tax purposes; therefore, the Carve-out Entity does not incur federal income taxes at an entity level. Instead, its earnings and losses are passed through to the stockholders and included in the stockholders' federal income tax returns. Accordingly, no liability or provision for federal income taxes is included in the accompanying consolidated carve-out financial statements, nor are any deferred taxes provided for temporary differences between tax and financial reporting. The Carve-out Entity is subject to the state of California income tax on S corporation operations at a rate of 1.50% of taxable income. In addition, NC4 Public Sector LLC is subject to a California fee based on their annual gross revenue. Further, the Carve-out Entity is required to pay annual Franchise Tax Board fees to the state of California for the right to conduct business in the state.

The Carve-out Entity applies the provisions of FASB ASC Topic 740, *Income Taxes* ("FASB ASC 740"). FASB ASC 740 prescribes a recognition threshold measurement attributed for financial recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters, such as de-recognition, interest and penalties, and disclosure. The Carve-out Entity evaluates uncertain tax positions by considering the tax years' subject to potential audit under federal and state income tax law and identifying favorable tax positions that do not meet the threshold of more likely than not to prevail if challenged by tax authorities that would have a direct impact on the Carve-out Entity as opposed to an impact to the stockholders. Management believes that the Carve-out Entity has not taken any uncertain tax positions that have a more likely than not chance of not being sustained upon examination by the tax authorities. Accordingly, no liabilities for uncertain tax positions have been recorded in the accompanying consolidated carve-out financial statements as of December 31, 2018. With few exceptions, the Carve-out Entity is no longer subject to federal and state income tax examinations by tax authorities for the years before 2014.

On December 22, 2017, the Tax Cuts and Jobs Act (the "TCJA") was enacted into law. In addition to modifying income tax rates for individuals and corporations, the TCJA made certain changes to the tax treatment for pass-through entities. The TCJA did not have a material impact on the accompanying consolidated carve-out financial statements.

Recently Issued Accounting Pronouncements In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("FASB ASU 2014-09"), which requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB ASU 2014-09 supersedes most existing revenue recognition guidance, including industry-specific revenue recognition

guidance and provides a unified model to determine when and how revenue is recognized. Since the issuance of FASB ASU 2014-09, the FASB has issued several amendments to the standard, including, among other matters, the application of identifying performance obligations and the accounting for contract costs and contract modifications. While continuing to assess all potential impacts of the standard, the Carve-out Entity currently believes there will be an impact related to timing and measurement of fees related to certain revenue arrangements based on identification of performance obligations and whether certain services would be considered a material right. Further, the Carve-out Entity believes customer incentives could potentially be recognized as an expense, which are generally recorded as a reduction of revenue under current guidance. The standard is required to be applied either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying it recognized at the date of initial application. The Carve-out Entity has adopted the new guidance on January 1, 2019.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* (“FASB ASU 2016-02”). The new standard establishes a right-of-use (“ROU”) model that requires a lessee to record an ROU asset and a lease liability, measured on a discounted basis, on the consolidated carve-out balance sheet for all leases with terms greater than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated carve-out statement of operations. Since the issuance of FASB ASU 2016-02, the FASB has issued several amendments to the standard including, among other matters, clarifications regarding lease reassessments and application of an optional transition method. The standard is required to be applied either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying it recognized at the date of initial application. The Carve-out Entity has not selected its transition method and is currently in the process of evaluating the potential impact of this new guidance, which is effective for privately held companies for fiscal years beginning after December 15, 2019.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* (“FASB ASU 2016-15”), to provide classification guidance for certain transactions, such as debt prepayments or debt extinguishment costs, and contingent consideration payments made after a business combination. FASB ASU 2016-15 is effective for privately held companies for fiscal years beginning after December 15, 2018, with early adoption permitted. The Carve-out Entity has not yet determined the impact of the adoption of the new guidance on its January 1, 2019 consolidated carve-out financial statements.

3. CONCENTRATIONS OF BUSINESS AND CREDIT RISK

Financial instruments that potentially expose the Carve-out Entity to concentrations of credit risk consist primarily of cash. The Carve-out Entity places its short-term invested cash on deposit with financial institutions which may exceed the Federal Deposit Insurance Corporation (“FDIC”) limits. The FDIC deposit insurance limit is $250,000 per depositor. As of December 31, 2018, the Carve-out Entity’s uninsured portion of this balance was approximately $286,000. The Carve-out Entity limits its exposure to this credit risk by holding excess balances at high-quality financial institutions and does not believe significant credit risk exists with respect to this cash at December 31, 2018.

The Carve-out Entity did not have revenue from an individual customer representing more than 10% of total revenues for the year ended December 31, 2018. The Carve-out Entity continually evaluates the financial strength of its customers but generally does not require collateral to support the customer receivables. None of the customers’ accounts receivable balances outstanding as of December 31, 2018 represented more than 10% of total accounts receivable.

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

December 31,	2018
Computers and equipment	$ 1,098,258
Furniture and fixtures	150,542
Leasehold improvements	431,051
	1,679,851
Less: accumulated depreciation and amortization	(1,320,132)
Property and equipment, net	$ 359,719

Depreciation and amortization expense amounted to approximately $149,000 for the year ended December 31, 2018, and is included in selling, general and administrative expenses on the accompanying consolidated carve-out statement of operations.

5. GOODWILL AND INTANGIBLE ASSETS

In connection with NC4's acquisition of TranSecur, Inc. in May 2010, a portion of the purchase price was allocated to the trademark, customer relationships, and software at their respective fair values, and the excess of the purchase price over the net assets acquired was allocated to goodwill in the amount of $776,000. No impairment losses related to goodwill were recognized for the year ended December 31, 2018.

Intangible assets consisted of the following:

December 31,	2018
Trademark	$ 10,000
Customer relationships	330,000
Software and website	887,377
	1,227,377
Less: accumulated amortization	(1,091,132)
Intangible assets, net	$ 136,245

Amortization expense on intangible assets amounted to approximately $96,000 for the year ended December 31, 2018, and is included in selling, general and administrative expenses on the accompanying consolidated carve-out statement of operations.

Future amortization expense related to intangible assets as of December 31, 2018, is expected to be as follows:

Years ending December 31,	Amount
2019	$ 81,851
2020	41,851
2021	12,543
Total	$136,245

6. BANK REVOLVING LINE OF CREDIT

In December 2011, NC4 Public Sector LLC entered into a loan agreement (the "LOC") with Bank of America, N.A. (the "Bank"), under which the Bank agreed to provide a revolving line of credit to NC4 Public Sector LLC in the maximum borrowing amount not to exceed $400,000. The LOC was guaranteed by NC4. Pursuant to the LOC, amended from time to time, any outstanding principal and accrued and unpaid interest would be due and payable on December 22, 2019. Any advances bore interest at a variable annual rate equal to the Bank's Prime Rate (as defined) plus 1.00%. As of December 31, 2018, there were no outstanding borrowings against the LOC. In July 2019, the Cave-out Entity and the Bank mutually agreed to terminate the LOC without any penalty.

7. RELATED PARTY TRANSACTIONS

Sublease Agreement Effective August 2007, NC4 entered into a non-cancelable sublease agreement with OSM Media, LLC (affiliated under common control) for the corporate office space in El Segundo, California. The initial term of the sublease expired in October 2010, and it became a month-to-month lease until March 2017. Effective April 2017, NC4 entered into a non-cancelable sublease agreement with PJ Media, LLC (formerly, OSM Media, LLC) and NextGen Crowdfunding, LLC (affiliated under common control) for the corporate office space in El Segundo, California. The initial term of the sublease expires in June 2020. The sublease provides for a monthly base rent in the amount of approximately $11,000, subject to an annual increase at the rate of approximately 3.00% over the term of the sublease arrangement. For the year ended December 31, 2018, NC4 recognized rental income amounting to approximately $129,000, which is accounted for as a reduction in rent expense and included in selling, general and administrative expenses on the accompanying consolidated carve-out statement of operations.

Due from Affiliates The Carve-out Entity agreed to provide, from time to time, PJ Media, LLC and NextGen Crowdfunding, LLC support for day-to-day operations, such as payroll processing, accounting, and human resource functions. In addition, the Carve-out Entity pays certain operating expenses on behalf of NC4's other subsidiaries that are recorded as due from affiliates in the consolidated carve-out financial statements. Due from affiliates and other subsidiaries in the amounts of approximately $8,000 are outstanding as of December 31, 2018. Amounts due from affiliates are non-interest bearing and due on demand.

8. INTERCOMPANY TRANSACTIONS WITH AFFILIATES AND OTHER BUSINESS UNITS

Management assesses how transactions with NC4's other subsidiaries and business units that are not part of the accompanying carve-out financial statements have been historically settled or are expected to be settled to determine the appropriate presentation in the accompanying carve-out financial statements. The following intercompany transactions are classified as a component of stockholders' deficit:

	December 31, 2017	Net change	December 31, 2018
NC4's investments in:			
ESP Group Inc.	$ 3,060,002	$ 4,805,138	$ 7,865,140
NC4 Soltra LLC	1,302,521	4,373,264	5,675,785
Due from NC4 Soltra LLC	10,892	89,401	100,293
Due to ESP Group Inc.	(1,848,970)	(479,962)	(2,328,932)
Net carve-out allocation	(33,116)	2,028,514	1,995,398
Balances, net	$ 2,491,329	$10,816,355	$ 13,307,684

9. COMMITMENTS AND CONTINGENCIES

Legal Matters The Carve-out Entity is a party to various claims, complaints, and other legal actions that have arisen from time to time in the ordinary course of business. Management believes that any ultimate settlement of such legal actions would be substantially covered by the Carve-out Entity's insurance coverage, and that the outcome of such pending legal proceedings will not have a material adverse effect on the Carve-out Entity's financial condition, results of operations, or cash flows.

Operating Leases The Carve-out Entity leases certain office facilities and equipment under non-cancelable operating leases expiring through June 2020. The leases provide for monthly rental payments ranging from approximately $1,000 to $33,000, and require payments of certain additional expenses, including utilities, parking, and other operating expenses. Rent expense relating to the operating leases amounted to approximately $240,000 for the year ended December 31, 2018, and is included in selling, general and administrative expenses on the accompanying consolidated carve-out statement of operations.

Future minimum lease payments under non-cancelable operating leases as of December 31, 2018, are as follows:

Years ending December 31,	Amount
2019	$404,460
2020	206,612
Total	$611,072

Multi-Year Customer Services Arrangements The Carve-out Entity often enters into multi-year services contracts with customers, under which the Carve-out Entity grants the customers access to certain proprietary software applications resided in its own servers and provides maintenance and customer support services for fees during the contractual term. On some occasions, software arrangements also call for multi-year maintenance and customer support services in addition to perpetual licenses. Services fees for which the Carve-out Entity has not performed any underlying services or is not entitled to invoice the customer as of December 31, 2018, are not reflected on the accompanying consolidated carve-out financial statements.

Future services fees under multi-year services contracts that have not been invoiced or recognized as revenue as of December 31, 2018, are expected to be received as follows:

Years ending December 31,	Amount
2019	$ 4,360,613
2020	4,449,568
2021	1,302,138
2022	200,609
2023	52,399
Total	$10,365,327

401*(k) Saving Plan* The Carve-out Entity has a defined-contribution 401(k) savings plan covering all eligible employees that provides for employee salary deferral contributions and employer contributions. Employees may contribute up to 100% of their pay on a pre-tax basis subject to limitations imposed by the Internal Revenue Service. In addition, the Carve-out Entity matches up to

four percent of employees' eligible earnings, subject to statutory prescribed annual limits. The Carve-out Entity incurred expenses associated with the 401(k) plan amounting to approximately $409,000 for the year ended December 31, 2018, which are included in selling, general and administrative expenses on the accompanying consolidated carve-out statement of operations.

State and Local Taxes In July 2019, as a result of its own nexus study and investigation, the Carve-out Entity has initiated applications to enter into voluntary disclosure agreements (individually, "VDA") with various state and local taxing authorities for potentially having underreported sales and use taxes related to its revenues generated from these jurisdictions. The Carve-out Entity expects the states to grant VDAs as it meets all of the statutory requirements for acceptance into a voluntary disclosure program. With certain exceptions, most VDA programs are contractual agreements whereby the state and local taxing authorities will allow entities to come forward to settle unfiled obligations with a limited look-back period of three or four years from the date of filings in exchange for the entities becoming current on its tax obligations. While its investigations continue, management believes that it is probable that the Carve-out Entity will potentially be liable for up to approximately $1,441,000 in sales and use taxes including interest as of July 2019. As of December 31, 2018, the Carve-out Entity recorded the potential liability in the amount of approximately $1,082,000, of which approximately $618,000 relates to years prior to 2018 and $464,000 relates the year ended December 31, 2018.

10. SUBSEQUENT EVENTS

The Carve-out Entity evaluated subsequent events that have occurred through the date of the Independent Auditor's Report, which is the date the consolidated carve-out financial statements were available to be issued, and determined that there were no subsequent events or transactions that required recognition or disclosure in the consolidated carve-out financial statements, except as disclosed in Notes 6 and 9 and below.

In May 2019, the stockholders of NC4 Inc. received a non-binding preliminary offer from Everbridge, Inc. ("Everbridge") expressing the interest to acquire 100% of the assets of NC4 Inc.'s Risk Center and Public Safety businesses (subsequently excluding the Street Smart business unit). Both parties are currently in the process of executing a certain membership interest purchase agreement (the "MIPA").

Pursuant to the terms and conditions set forth in the MIPA, and to effectuate the contemplating transaction, the stockholders of NC4 Inc. formed Celerium Group Inc. ("Celerium"), a Delaware S corporation, on July 19, 2019, to contribute all of the issued and outstanding shares of NC4 Inc. to Celerium in exchange for capital stock of Celerium. Immediately after the contribution and close of the MIPA, NC4 Inc. will be converted into a Delaware limited liability company having the name, NC4, LLC, and all of the outstanding shares of NC4 Inc. will be converted into membership interests, which will be wholly owned by Celerium. Under the MIPA, Celerium desires to sell, transfer, and assign to Everbridge, and Everbridge desires to purchase and acquire from Celerium, at the closing of the MIPA, 100% of the membership interests of NC4, LLC and NC4 Public Sector LLC on the Company Subsidiary Transfer Date (as defined). Following the closing and prior to the Company Subsidiary Transfer Date, Celerium will cause to be transferred and assigned from NC4 Public Sector LLC to an affiliate of Celerium all assets and liabilities solely and exclusively used or held for use by the Street Smart business unit.

Exhibit 99.2

NC4 Inc. and NC4 Public Sector LLC

Condensed Consolidated Carve-Out Financial Statements
As of and for the Six Months Ended June 30, 2019 and 2018

NC4 INC. AND NC4 PUBLIC SECTOR LLC
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NC4 INC. AND NC4 PUBLIC SECTOR LLC
CONDENSED CONSOLIDATED CARVE-OUT BALANCE SHEETS
(UNAUDITED)

AS OF JUNE 30,	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	$ 437,259	$ 540,295
Accounts receivable, net	2,916,616	2,929,860
Unbilled accounts receivable	132,373	60,779
Due from affiliates	—	101,478
Deferred sales commissions	275,496	403,479
Prepaid expenses and other current assets	622,669	584,608
Total current assets	4,384,413	4,620,499
Property and equipment, net	288,756	440,047
Goodwill	776,000	776,000
Intangible assets, net	87,757	199,705
Deferred sales commissions, net of current portion	432,397	148,962
Other assets	29,409	34,597
Total assets	$ 5,998,732	$ 6,219,810
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	$ 352,777	$ 305,765
Accrued expenses	2,925,354	2,717,607
Deferred revenue	9,415,399	8,077,722
Due to affiliates	19,796	—
Total current liabilities	12,713,326	11,101,094
Deferred rent	27,281	47,343
Total liabilities	12,740,607	11,148,437
Commitments and contingencies (see notes)		
Stockholders' deficit:		
Common stock, $0.001 par value, 3,000 shares authorized, 1,515 shares issued and outstanding	2	2
Additional paid-in capital	63,937,701	56,433,114
Stockholders' net investments	(20,220,958)	(7,719,519)
Accumulated deficit	(50,458,620)	(53,642,224)
Total stockholders' deficit	(6,741,875)	(4,928,627)
Total liabilities and stockholders' deficit	$ 5,998,732	$ 6,219,810

See accompanying notes to the condensed consolidated carve-out financial statements.

NC4 INC. AND NC4 PUBLIC SECTOR LLC
CONDENSED CONSOLIDATED CARVE-OUT STATEMENTS OF INCOME
(UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30,	2019	2018
Revenues:		
Subscription services	$ 8,586,549	$ 8,031,422
Post-contract customer support services	379,826	367,364
Implementation services	145,122	68,899
Professional and other services	103,567	91,885
Revenues, net	9,215,064	8,559,570
Operating expenses:		
Cost of revenues	2,765,085	2,118,678
Selling and marketing expenses	1,441,911	1,747,340
General and administrative expenses	2,499,719	2,616,760
Research and development	1,257,100	1,430,690
Total operating expenses	7,963,815	7,913,468
Income before provision for state income taxes	1,251,249	646,102
Provision for state income taxes	800	800
Net income	$ 1,250,449	$ 645,302

See accompanying notes to the condensed consolidated carve-out financial statements.

NC4 INC. AND NC4 PUBLIC SECTOR LLC

CONDENSED CONSOLIDATED CARVE-OUT STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT (UNAUDITED)

	Common Stock		Additional Paid-in Capital	Stockholders' Net Investments	Accumulated Deficit	Total
	Shares	Amount				
Balance, December 31, 2018	1,515	$ 2	$59,437,701	$(13,307,684)	$(51,709,069)	$(5,579,050)
Contributions	—	—	4,500,000	—	—	4,500,000
Net change in intercompany payable and receivable balances including NC4 Inc.'s investments in other subsidiaries	—	—	—	(6,913,274)	—	(6,913,274)
Net income	—	—	—	—	1,250,449	1,250,449
Balance, June 30, 2019	1,515	$ 2	$63,937,701	$(20,220,958)	$(50,458,620)	$(6,741,875)

	Common Stock		Additional Paid-in Capital	Stockholders' Net investments	Accumulated Deficit	Total
	Shares	Amount				
Balance, December 31, 2017	1,515	$ 2	$52,433,114	$ (2,491,329)	$(54,047,152)	$(4,105,365)
Cumulative effect of adoption of FASB ASC 606	—	—	—	—	(240,374)	(240,374)
Contributions	—	—	4,000,000	—	—	4,000,000
Net change in intercompany payable and receivable balances including NC4 Inc.'s investments in other subsidiaries	—	—	—	(5,228,190)	—	(5,228,190)
Net income	—	—	—	—	645,302	645,302
Balance, June 30, 2018	1,515	$ 2	$56,433,114	$ (7,719,519)	$(53,642,224)	$(4,928,627)

See accompanying notes to the condensed consolidated carve-out financial statements.

NC4 INC. AND NC4 PUBLIC SECTOR LLC
CONDENSED CONSOLIDATED CARVE-OUT STATEMENTS OF CASH FLOWS
(UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30,	2019	2018
Cash flows from operating activities:		
Net income	$ 1,250,449	$ 645,302
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	119,451	99,284
Deferred sales commissions	313,826	246,121
Accrued sales and use taxes	359,643	282,520
Changes in operating assets and liabilities:		
Accounts receivable	409,577	(85,334)
Unbilled accounts receivable	88,157	(20,454)
Due from affiliates	7,690	9,306
Deferred sales commissions	(347,499)	(370,872)
Prepaid expenses and other current assets	110,267	138,158
Other assets	5,018	2,000
Accounts payable	31,671	62,319
Accrued expenses	(736,857)	(415,829)
Deferred revenue	683,319	825,199
Due to affiliates	19,796	—
Deferred rent	(10,906)	(7,186)
Net cash provided by operating activities	2,303,602	1,410,534
Cash flows from investing activities:		
Purchases of property and equipment	—	(53,069)
Acquisition of intangible assets	—	(16,005)
Cash used in investing activities	—	(69,074)
Cash flows from financing activities:		
Proceeds from bank line of credit	—	100,000
Repayments on bank line of credit	—	(100,000)
Capital contributions	4,500,000	4,000,000
Net change in intercompany receivable and payable balances including NC4 Inc.'s investments in other subsidiaries	(6,913,274)	(5,228,190)
Net cash used in financing activities	(2,413,274)	(1,228,190)
Net change in cash and cash equivalents	(109,672)	113,270
Cash and cash equivalents, beginning of period	546,931	427,025
Cash and cash equivalents, end of period	$ 437,259	$ 540,295
Supplemental disclosures of cash flow information:		
Cash paid for the following during the period:		
Cash paid for interest	$ —	$ 1,332
Cash paid for state and local income tax	$ 800	$ 800

See accompanying notes to the condensed consolidated carve-out financial statements.

1. ORGANIZATION AND BUSINESS

NC4 Inc. ("NC4"), incorporated in the state of Delaware on January 9, 2004, is headquartered in El Segundo, California. NC4 formed NC4 Public Sector LLC in the state of Delaware on August 17, 2005. NC4 Public Sector LLC primarily is comprised of two distinct business units known as E-Team and Street Smart. All identifiable assets, liabilities, and business activities pertaining to the Street Smart business unit are excluded from the accompanying condensed consolidated carve-out interim financial statements. NC4 Public Sector LLC, excluding the Street Smart business unit, is herein referred to as "Public Sector." NC4 and Public Sector, collectively referred to as the "Carve-out Entity," have developed unique technologies and processes to collect, curate, enhance and disseminate information to both private and public sector clients who leverage that data for the benefit of their constituents.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method The Carve-out Entity maintains its accounting records on an accrual method in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation The condensed consolidated carve-out balance sheets, consolidated carve-out statements of income, changes in stockholders' deficit, and cash flows of the Carve-out Entity, which exclude the financial results of The ESP Group Inc. and NC4 Soltra LLC, both of which were wholly owned subsidiaries of NC4 Inc., and the Street Smart business unit of NC4 Public Sector LLC (collectively, the "Excluded Business Units"), have been derived from historical accounting records of NC4 Inc. and its subsidiaries, and are presented on a carve-out basis. Historically, the consolidated financial statements have included the financial results of the Excluded Business Units.

All revenue and costs as well as assets and liabilities directly associated with the business activities of the Carve-out Entity are included in the accompanying condensed consolidated carve-out financial statements. The condensed consolidated carve-out financial statements also exclude allocations of certain operating, selling, and administrative expenses of the Excluded Business Units. These allocations were based on methodologies that management believes to be reasonable; however, amounts derecognized by the Carve-out Entity are not necessarily representative of the amounts that would have been reflected in the condensed consolidated carve-out financial statements had the Excluded Business Units operated independently of the Carve-out Entity.

Historically, NC4 Inc. and its subsidiaries have used a centralized approach to certain aspects of its operations. Any intercompany assets or liabilities related to the Excluded Business Units are classified as part of equity, with expectations that such intercompany balances will be forgiven concurrent with a contemplated transaction. All significant intercompany accounts and transactions among the businesses comprising the Carve-out Entity have been eliminated in the accompanying condensed consolidated carve-out financial statements.

The accompanying unaudited condensed consolidated carve-out financial statements have been prepared in a manner consistent with that used in the preparation of the annual audited consolidated carve-out financial statements as of and for the year ended December 31, 2018. The unaudited condensed consolidated carve-out financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require the Carve-out Entity to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the unaudited

condensed consolidated carve-out financial statements and the reported amounts of revenues and expenses during the periods reported. Actual results could differ from those estimates. In the opinion of management, the accompanying unaudited condensed consolidated carve-out financial statements reflect all adjustments, consisting of only normal and recurring adjustments, necessary for a fair statement of the financial position and results of operations for the periods presented. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the full year.

Revenue Recognition Effective January 1, 2019, the Carve-out Entity adopted the requirements of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("FASB ASC 606"). The Carve-out Entity adopted the requirements of the new revenue standard, utilizing the retrospective method of transition. The Carve-out Entity applied the new standard's practical expedient that permits the omission of prior-period information about its remaining performance obligations, which are not material to restated information.

The Carve-out Entity enters into various types of service arrangements that offer professional services, including software licenses, consulting implementation services, and maintenance and customer support services in various combinations. In certain arrangements, software licenses are provided together with maintenance and customer support services. In other arrangements, the Carve-out Entity offers consulting implementation services or hosting services without granting the customer a software license. In addition, the Carve-out Entity offers software as a service ("SaaS") subscriptions including hosting services. Revenues are recognized when control of these services is transferred to the customers in an amount that reflects the consideration the Carve-out Entity expects to be entitled to in exchange for those services. Customer support services, hosting services, and SaaS subscriptions are typically renewable for subsequent one-year periods and the average customer term is estimated to be five years.

The Carve-out Entity determines revenue recognition applying the following steps required under FASB ASC 606:

Step 1: Identification of the customer contracts
Step 2: Identification of the performance obligations in the contracts
Step 3: Determination of the transaction price
Step 4: Allocation of the transaction price to each of the performance obligations in the contracts
Step 5: Recognition of revenue when, or as, each of the identified performance obligations is satisfied

When a service contains both a software element and a service component, judgment is required to determine whether the software license is considered distinct and therefore accounted for separately and recognized at a point in time, or not distinct and therefore accounted for together with the service component and recognized over time. The Carve-out Entity has determined that the software license and post-contract customer support services are separate performance obligations. Upon adoption of FASB ASC 606, no material performance obligations related to software licenses remained pertaining to the six months ended June 30, 2019 and 2018. A number of the Carve-out Entity's customers who had previously purchased software licenses have renewed their contracts to continue receiving customer support services. The Carve-out Entity typically invoices the customers for customer support services on an annual basis and recognizes related revenue ratably over the term of the related services, which is typically one year.

SaaS subscription services revenues primarily consist of fees that provide customers access to one or more of the Carve-out Entity's hosted applications for threat intelligence solutions that empower businesses, government organization, and communities to assess and disseminate risk data and information to manage and mitigate the impact of critical events. Revenue is generally recognized over time on a ratable basis over the contract term beginning on the date that the Carve-out Entity's service is made available to the customer. All services are recognized using an output measure of progress looking at time elapsed as the contracts generally provide the customer equal benefit throughout the contract period. The Carve-out Entity's subscription contracts are billed annually in advance with an average contract term of two years.

On occasion, the Carve-out Entity enters into contracts with customers that may contain multiple performance obligations. Determining whether services are considered distinct performance obligations that should be accounted for separately or together may require significant judgment. For these contracts, the Carve-out Entity 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. The Carve-out Entity determines the standalone selling prices based on its overall pricing objectives, taking into consideration market conditions and other factors, including the value of its contracts, the applications sold, customer demographics, geographic locations, and the number and types of users within its contracts. Significant judgment may be required to determine a standalone selling price for each distinct performance obligation. Upon adoption of FASB ASC 606, no material performance obligations related to multiple performance obligation arrangements remained pertaining to the six months ended June 30, 2019 and 2018.

The primary impact of adopting the new revenue standard relates to the timing of consulting implementation service fees as well as the recognition the deferral of incremental commission costs of obtaining contracts. The Carve-out Entity previously treated consulting implementation services as separate units of account in multiple-element arrangements and recognized the implantation service fees when the related services were performed. In the application of guidance under FASB ASC 606, the Carve-out Entity has determined that an initial implementation setup service is not considered distinct from the context of the customer contract because these initial setup services typically do not transfer goods or services to the customer; and therefore is not considered a separate performance obligation. Prior to the adoption of FASB ASC 606, the Carve-out Entity recognized sales commission expense as the associated revenue was recognized. Under FASB ASC 340-40, *Other Assets and Deferred Costs – Contracts with Customers* ("FASB ASC 340-40"), the Carve-out Entity defers incremental commission costs of obtaining a customer contract and amortizes those costs over a period of benefit, which the Carve-out Entity has determined to be five years. The Carve-out Entity has determined the period of benefit by taking into consideration its customer contracts, its technology and other factors. Amortization of deferred commissions is included in selling and marketing expenses in the accompanying condensed consolidated carve-out statements of income.

Adoption of the new revenue standard had no impact on total cash provided by or used in operating, financing, or investing activities in the accompanying condensed consolidated carve-out statements of cash flows.

The cumulative effect of the changes made to accompanying condensed consolidated carve-out balance sheets as of June 30, 2019 and 2018 for the adoption of FASB ASC 606 and FASB ASC 340-40 was as follows:

	Under previous Guidance December 31, 2018	Effect of Adoption	Under new Guidance January 1, 2019
Deferred commissions	$ 582,802	$ 91,418	$ 674,220
Deferred revenue	$ 8,462,144	$269,937	$ 8,732,081
Accumulated deficit	$ 51,530,551	$178,518	$ 51,709,069

	Under previous Guidance December 31, 2017	Effect of Adoption	Under new Guidance January 1, 2018
Deferred commissions	$ 502,813	$ (75,123)	$ 427,690
Deferred revenue	$ 7,087,272	$165,251	$ 7,252,523
Accumulated deficit	$ 54,047,152	$240,374	$ 54,287,526

The impact of the adoption of FASB ASC 606 and FASB ASC 340-40 on the accompanying condensed consolidated carve-out balance sheets and consolidated carve-out statements of income was as follows:

	As of June 30, 2019		
	As reported	Balance Without Adoption	Effect of Change
Deferred commissions	$ 707,893	$ 629,267	$ 78,626
Deferred revenue	$ 9,415,399	$ 9,191,299	$224,100
Accumulated deficit	$50,458,620	$49,966,064	$492,556

	For the six months ended June 30, 2019		
	As reported	Activity Without Adoption	Effect of Change
Total revenues	$ 9,215,064	$ 9,165,667	$ 49,397
Selling and marketing expenses	$ 1,441,911	$ 1,429,119	$ 12,792
Net income	$ 1,250,449	$ 1,213,844	$ 36,605

	As of June 30, 2018		
	As reported	Balance Without Adoption	Effect of Change
Deferred commissions	$ 552,441	$ 592,620	$ (40,179)
Deferred revenue	$ 8,077,722	$ 7,869,736	$207,986
Accumulated deficit	$53,642,224	$53,394,059	$248,165

	For the six months ended June 30, 2018		
	As reported	Activity Without Adoption	Effect of Change
Total revenues	$8,559,570	$8,516,835	$42,735
Selling and marketing expenses	$1,747,340	$1,712,396	$34,944
Net income	$ 645,302	$ 637,511	$ 7,791

The following table presents the Carve-out Entity's revenues, which are all recognized over time, disaggregated by revenue source:

For the six months ended June 30,	2019	2018
Subscription services	$8,586,549	$8,031,422
Post-contract customer support services	$ 379,826	$ 367,364
Implementation services	$ 145,122	$ 68,899
Professional and other services	$ 103,567	$ 91,885

Contract Asset Balances The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and deferred revenue (contract liabilities) on the accompanying condensed consolidated carve-out balance sheets. The Carve-out Entity generally invoices the customers for customer support services and SaaS subscriptions in advance on an annual basis, resulting in deferred revenue. On occasion, billing occurs subsequent to revenue recognition, resulting in unbilled receivable.

The contract asset balances as of June 30, 2019 and 2018, were as follows:

June 30,	2019	2018
Accounts receivable	$2,916,616	$2,929,860
Unbilled receivable	$ 132,373	$ 60,779
Deferred revenue	$9,415,399	$8,077,722

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 noncurrent. In instances where the timing of revenue recognition differs from the timing of invoicing, the Carve-out Entity has determined its contracts generally do not include a significant financing component. The primary purpose of its invoicing terms is to provide customers with simplified and predictable ways of purchasing its services, not to receive financing from its customers or to provide customers with financing.

Deferred Sales Commissions Deferred sales commissions as of June 30, 2019 and 2018, were approximately $708,000 and $552,000, respectively. For the six months ended June 30, 2019 and 2018, amortization expense related to deferred sales commissions amounted to approximately $314,000 and $246,000, respectively, and is included in selling and marketing expenses in the accompanying condensed consolidated carve-out statements of income. For the six months ended June 30, 2019 and 2018, there was no impairment loss in relation to the capitalized deferred sales commissions.

Cash and Cash Equivalents Cash and cash equivalents include cash and liquid investments with original maturities of 90 days or less upon acquisition.

Accounts Receivable and Allowance for Doubtful Accounts Accounts receivable are customer obligations due under normal trade terms. The Carve-out Entity performs continuing credit evaluations on each customer's financial condition and senior management reviews accounts receivable on a monthly basis to determine if any receivable will potentially be uncollectible. The Carve-out Entity includes any accounts receivable balances that are determined to be uncollectible in the allowance for doubtful accounts. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Management believes that no allowance for doubtful accounts as of June 30, 2019 and 2018, is necessary.

Property and Equipment Property and equipment are stated at cost less accumulated depreciation and amortization. Expenditures for maintenance and repairs are charged to operations as incurred. Depreciation of property and equipment is computed on a straight-line basis over the estimated useful lives of the related assets, ranging from three to five years. Leasehold improvements are amortized on a straight-line basis over the term of the lease or estimated useful life, whichever is shorter. When assets are retired or otherwise disposed of, the assets and related accumulated depreciation and amortization are eliminated from the accounts and any resulting gain or loss is reflected in operations.

Recoverability of Long-Lived Assets In accordance with FASB ASC Subtopic 360-10, *Property, Plant and Equipment – Impairment or Disposal of Long Lived Assets*, property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. No impairment losses were recognized for the six months ended June 30, 2019 and 2018.

Goodwill and Intangible Assets The Carve-out Entity accounts for goodwill and other intangible assets in accordance with FASB ASC Topic 350, *Intangibles – Goodwill and Other* ("FASB ASC 350"), under which goodwill and indefinite lived intangible assets are tested for impairment at least on an annual basis. Under FASB ASC 350, the carrying value of goodwill is evaluated for potential impairment on an annual basis or more frequently if events or circumstances indicate that impairment may have occurred. Such circumstances could include, but are not limited to (1) a significant adverse change in legal factors or in business climate, (2) unanticipated competition, or (3) an adverse action or assessment by a regulator. When evaluating whether goodwill is impaired, the Carve-out Entity compares the fair value of the reporting unit to which the goodwill is assigned to the reporting unit's carrying amount, including goodwill. If the carrying amount of a reporting unit exceeds its fair value, then the amount of the impairment loss must be measured. The impairment loss would be calculated by comparing the implied fair value of reporting unit goodwill to its carrying amount. In calculating the implied fair value of reporting unit goodwill, the fair value of the reporting unit is allocated to all of the other assets and liabilities of that unit based on their fair values. The excess of the fair value of a reporting unit over the amount assigned to its other assets and liabilities is the implied fair value of goodwill. An impairment loss would be recognized when the carrying amount of goodwill exceeds its implied fair value. The Carve-out Entity typically performs an annual impairment analysis towards the end of year in connection with preparation of annual consolidated carve-out financial statements. As of June 30, 2019 and the date the condensed consolidated carve-

out financial statements were available to be issued, the Carve-out Entity has not performed an annual impairment analysis; however, does not believe that the carrying amount of goodwill as of June 30, 2019 exceeds its implied fair value.

Software Development Costs The Carve-out Entity accounts for software development costs intended for software arrangements that are within the scope of FASB ASC 985, *Software*, in accordance with FASB ASC 985-20, *Costs of Software to Be Sold, Leased, or Marketed* ("FASB ASC 985-20"). FASB ASC 985-20 requires product development costs to be charged to expense as incurred until technological feasibility is attained and all other research and development activities for the product have been completed. Technological feasibility is attained when the Carve-out Entity has completed the planning, design, and testing phase of development and has been determined viable for its intended use, which typically occurs when beta testing commences. The time between the attainment of technological feasibility and the completion of software development has historically been relatively short with immaterial amounts of development costs incurred during this period. Accordingly, the Carve-out Entity has not capitalized any development costs associated with software to be sold, leased, or marketed. All research and development costs are expensed as incurred.

SaaS arrangements that are not within the scope of FASB ASC 985 or software that is not considered more-than-incidental to the products or services that it is included in or sold with, are accounted for in accordance with FASB ASC 350-40, *Intangibles – Goodwill and Other – Internal-Use Software* ("FASB ASC 350-40"). FASB ASC 350-40 requires the capitalization of qualifying computer software costs, which are incurred during the application development stage. Upgrades and enhancements are capitalized if they result in added functionality which enables the software to perform tasks it was previously incapable of performing. Software maintenance, training, data conversion and business process reengineering costs are expensed as incurred. The Carve-out Entity applies an agile software development approach for its SaaS model applications, where it develops various beta versions without designing a specific path including software configuration and interfaces until such beta versions are accepted. FASB ASC 350-40 suggests that a beta version is developed in the preliminary project stage, during which any development costs shall be expensed as incurred until management with the authority makes a final selection of alternatives. The Carve-out Entity's agile approach allows developing and re-developing various versions repeatedly until it achieves the satisfactory rating without specifically requiring management to make a final selection during the process. Furthermore, the time spent in the application development stage for its SaaS model applications has been historically short with immaterial amounts of development costs incurred during this period. Accordingly, the Carve-out Entity has not capitalized any development costs associated with SaaS arrangements that require the agile software development approach.

Lease Accounting The Carve-out Entity's leases are accounted for under the provisions of FASB ASC Topic 840, *Leases*, which require that leases be evaluated and classified as operating or capital leases for financial reporting purposes. For leases classified as capital leases, assets and related lease obligations measured at their estimated present value of minimum lease payments are recorded on the condensed consolidated carve-out balance sheet at the beginning of the lease term. Leases that are not treated as capital leases are classified as operating leases. Minimum base rent for operating leases, which generally have escalating rentals over the terms of the leases, are recorded on a straight-line basis over the initial lease term and those renewal periods that are reasonably assured. Liabilities for deferred rent in the amounts of approximately $27,000 and $47,000 as of June 30, 2019 and 2018, are included in deferred rent on the accompanying condensed consolidated carve-out balance sheets, respectively.

Advertising Costs The Carve-out Entity expenses advertising costs as incurred. Advertising expense for the six months ended June 30, 2019 and 2018 amounted to approximately $11,000 and $22,000, respectively.

Income Taxes NC4 has elected S corporation status under the Internal Revenue Code, and NC4 Public Sector LLC is a single-member limited liability company treated as a disregarded entity for federal and state income tax purposes; therefore, the Carve-out Entity does not incur federal income taxes at an entity level. Instead, its earnings and losses are passed through to the stockholders and included in the stockholders' federal income tax returns. Accordingly, no liability or provision for federal income taxes is included in the accompanying condensed consolidated carve-out financial statements, nor are any deferred taxes provided for temporary differences between tax and financial reporting. The Carve-out Entity is subject to the state of California income tax on S corporation operations at a rate of 1.50% of taxable income. In addition, NC4 Public Sector LLC is subject to a California fee based on their annual gross revenue. Further, the Carve-out Entity is required to pay annual Franchise Tax Board fees to the state of California for the right to conduct business in the state.

The Carve-out Entity applies the provisions of FASB ASC Topic 740, *Income Taxes* ("FASB ASC 740"). FASB ASC 740 prescribes a recognition threshold measurement attributed for financial recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters, such as de-recognition, interest and penalties, and disclosure. The Carve-out Entity evaluates uncertain tax positions by considering the tax years' subject to potential audit under federal and state income tax law and identifying favorable tax positions that do not meet the threshold of more likely than not to prevail if challenged by tax authorities that would have a direct impact on the Carve-out Entity as opposed to an impact to the stockholders. Management believes that the Carve-out Entity has not taken any uncertain tax positions that have a more likely than not chance of not being sustained upon examination by the tax authorities. Accordingly, no liabilities for uncertain tax positions have been recorded in the accompanying condensed consolidated carve-out financial statements as of June 30, 2019 and 2018. With few exceptions, the Carve-out Entity is no longer subject to federal and state income tax examinations by tax authorities for the years before 2015.

Recently Adopted Accounting Pronouncement In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("FASB ASU 2014-09"), which requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB ASU 2014-09 supersedes most existing revenue recognition guidance, including industry-specific revenue recognition guidance and provides a unified model to determine when and how revenue is recognized. Since the issuance of FASB ASU 2014-09, the FASB has issued several amendments to the standard, including, among other matters, the application of identifying performance obligations and the accounting for contract costs and contract modifications. While continuing to assess all potential impacts of the standard, the Carve-out Entity currently believes there will be an impact related to timing and measurement of fees related to certain revenue arrangements based on identification of performance obligations and whether certain services would be considered a material right. Further, the Carve-out Entity believes customer incentives could potentially be recognized as an expense, which are generally recorded as a reduction of revenue under previous guidance. The standard is required to be applied either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying it recognized at the date of initial application. The Carve-out Entity has adopted the new guidance on January 1, 2019, using the retrospective transition approach.

Recently Issued Accounting Pronouncements Not Yet Adopted In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* ("FASB ASU 2016-02"). The new standard establishes a right-of-use ("ROU") model that requires a lessee to record an ROU asset and a lease liability, measured on a discounted basis, on the condensed consolidated carve-out balance sheet for all leases with terms greater than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated carve-out statement of income. Since the issuance of FASB ASU 2016-02, the FASB has issued several amendments to the standard including, among other matters, clarifications regarding lease reassessments and application of an optional transition method. The standard is required to be applied either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying it recognized at the date of initial application. The Carve-out Entity has not selected its transition method and is currently in the process of evaluating the potential impact of this new guidance, which is effective for privately held companies for fiscal years beginning after December 15, 2019. Management does not believe that there will be any material impact on the Carve-out Entity's consolidated carve-out financial statements upon adoption of the new guidance as its existing leases are set to expire through June 2020, and the remaining minimum lease payments are expected to be immaterial upon adoption of FASB ASU 2016-02.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* ("FASB ASU 2016-15"), to provide classification guidance for certain transactions, such as debt prepayments or debt extinguishment costs, and contingent consideration payments made after a business combination. FASB ASU 2016-15 is effective for privately held companies for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, with early adoption permitted. The Carve-out Entity has not yet determined the impact of the adoption of FASB ASU 2016-15 on its consolidated carve-out financial statements.

3. CONCENTRATIONS OF BUSINESS AND CREDIT RISK

Financial instruments that potentially expose the Carve-out Entity to concentrations of credit risk consist primarily of cash. The Carve-out Entity places its short-term invested cash on deposit with financial institutions which may exceed the Federal Deposit Insurance Corporation ("FDIC") limits. The FDIC deposit insurance limit is $250,000 per depositor. As of June 30, 2019, the Carve-out Entity's uninsured portion of this balance was approximately $200,000. The Carve-out Entity limits its exposure to this credit risk by holding excess balances at high-quality financial institutions and does not believe significant credit risk exists with respect to this cash at June 30, 2019 and 2018.

The Carve-out Entity did not have revenue from an individual customer representing more than 10% of total revenues for the six months ended June 30, 2019 and 2018. The Carve-out Entity continually evaluates the financial strength of its customers but generally does not require collateral to support the customer receivables. None of the customers' accounts receivable balances outstanding as of June 30, 2019 and 2018 represented more than 10% of total accounts receivable.

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

June 30,	2019	2018
Computers and equipment	$ 1,098,258	$ 3,018,081
Furniture and fixtures	148,807	200,511
Leasehold improvements	406,766	430,093
	1,653,831	3,648,685
Less: accumulated depreciation and amortization	(1,365,075)	(3,208,638)
Property and equipment, net	$ 288,756	$ 440,047

Depreciation and amortization expense amounted to approximately $71,000 and $50,000 for the six months ended June 30, 2019 and 2018, respectively, and is included in general and administrative expenses on the accompanying condensed consolidated carve-out statements of income.

5. GOODWILL AND INTANGIBLE ASSETS

In connection with NC4's acquisition of TranSecur, Inc. in May 2010, a portion of the purchase price was allocated to the trademark, customer relationships, and software at their respective fair values, and the excess of the purchase price over the net assets acquired was allocated to goodwill in the amount of $776,000. No impairment losses related to goodwill were recognized for the six months ended June 30, 2019 and 2018.

Intangible assets consisted of the following:

June 30,	2019	2018
Trademark	$ 10,000	$ 10,000
Customer relationships	330,000	330,000
Software and website	843,414	1,303,218
	1,183,414	1,643,218
Less: accumulated amortization	(1,095,657)	(1,443,513)
Intangible assets, net	$ 87,757	$ 199,705

Amortization expense on intangible assets amounted to approximately $48,000 and $49,000 for the six months ended June 30, 2019 and 2018, respectively, and is included in general and administrative expenses on the accompanying condensed consolidated carve-out statements of income.

6. BANK REVOLVING LINE OF CREDIT

In December 2011, NC4 Public Sector LLC entered into a loan agreement (the "LOC") with Bank of America, N.A. (the "Bank"), under which the Bank agreed to provide a revolving line of credit to NC4 Public Sector LLC in the maximum borrowing amount not to exceed $400,000. The LOC was guaranteed by NC4. Pursuant to the LOC, amended from time to time, any outstanding principal and accrued and unpaid interest would be due and payable on December 22, 2019. Any advances bore interest at a variable annual rate equal to the Bank's Prime Rate (as defined) plus 1.00%. As of June 30, 2019 and 2018, there were no outstanding borrowings against the LOC. In July 2019, the Carve-out Entity and the Bank mutually agreed to terminate the LOC without any penalty.

7. RELATED PARTY TRANSACTIONS

Sublease Agreement Effective August 2007, NC4 entered into a non-cancelable sublease agreement with OSM Media, LLC (an affiliate of Celerium, Inc. – see Note 10) for the corporate office space in El Segundo, California. The initial term of the sublease expired in October 2010, and it became a month-to-month lease until March 2017. Effective April 2017, NC4 entered into a non-cancelable sublease agreement with PJ Media, LLC (formerly, OSM Media, LLC) and NextGen Crowdfunding, LLC, subsequently changing its name as Security Token Academy LLC (an affiliate of Celerium, Inc.) for the corporate office space in El Segundo, California. The initial term of the sublease expires in June 2020. The sublease provides for a monthly base rent in the amount of approximately $11,000, subject to an annual increase at the rate of approximately 3.00% over the term of the sublease arrangement. For each of the six months ended June 30, 2019 and 2018, NC4 recognized rental income amounting to approximately $65,000, which is accounted for as a reduction in rent expense and included in general and administrative expenses on the accompanying condensed consolidated carve-out statements of income. In connection with the transaction described in Note 10, NC4, as the sublandlord, and Celerium, Inc., as subtenant, entered into a certain sublease agreement for the corporate office space in El Segundo, California. The term of the sublease shall expire on June 30, 2020. Throughout the term, Celerium, Inc. shall pay NC4 monthly rent in the amount of approximately $2,000 through June 2020.

Due from Affiliates The Carve-out Entity agreed to provide, from time to time, PJ Media, LLC and NextGen Crowdfunding, LLC (Security Token Academy LLC) support for day-to-day operations, such as payroll processing, accounting, and human resource functions. In addition, the Carve-out Entity pays certain operating expenses on behalf of NC4's other subsidiaries that are recorded as due from affiliates in the condensed consolidated carve-out financial statements. Due from affiliates and other subsidiaries in the amounts of approximately $102,000 are outstanding as of June 30, 2018. No amounts were due from affiliates as of June 30, 2019. Amounts due from affiliates are non-interest bearing and due on demand.

8. INTERCOMPANY TRANSACTIONS WITH AFFILIATES AND OTHER BUSINESS UNITS

Management assesses how transactions with NC4's other subsidiaries and business units that are not part of the accompanying carve-out financial statements have been historically settled or are expected to be settled to determine the appropriate presentation in the accompanying condensed consolidated carve-out financial statements.

The following intercompany transactions are classified as a component of stockholders' deficit:

	December 31, 2018	Net change	June 30, 2019
NC4's investments in Excluded Business Units	$ 13,540,925	$ (6,502,255)	$ 7,038,670
Due from (to) NC4 Soltra LLC	100,293	(188,634)	(88,341)
Due to ESP Group Inc.	(2,328,932)	99,370	(2,229,562)
Net carve-out allocation	1,995,398	13,504,793	15,500,191
Balances, net	$ 13,307,684	$ 6,913,274	$20,220,958

	December 31, 2017	Net change	June 30, 2018
NC4's investments in Excluded Business Units	$ 4,362,523	$ 5,084,524	$ 9,447,047
Due from NC4 Soltra LLC	10,892	71,854	82,746
Due to ESP Group Inc.	(1,848,970)	(167,640)	(2,016,610)
Net carve-out allocation	(33,116)	239,452	206,336
Balances, net	$ 2,491,329	$ 5,228,190	$ 7,719,519

9. COMMITMENTS AND CONTINGENCIES

Legal Matters The Carve-out Entity is a party to various claims, complaints, and other legal actions that have arisen from time to time in the ordinary course of business. Management believes that any ultimate settlement of such legal actions would be substantially covered by the Carve-out Entity's insurance coverage, and that the outcome of such pending legal proceedings will not have a material adverse effect on the Carve-out Entity's financial condition, results of operations, or cash flows.

Operating Leases The Carve-out Entity leases certain office facilities and equipment under non-cancelable operating leases expiring through June 2020. The leases provide for monthly rental payments ranging from approximately $1,000 to $33,000, and require payments of certain additional expenses, including utilities, parking, and other operating expenses. Rent expense relating to the operating leases amounted to approximately $83,000 and $120,000 for the six months ended June 30, 2019 and 2018, respectively, and is included in general and administrative expenses on the accompanying condensed consolidated carve-out statements of income.

Multi-Year Customer Services Arrangements The Carve-out Entity often enters into multi-year services contracts with customers, under which the Carve-out Entity grants the customers access to certain proprietary software applications resided in its own servers and provides maintenance and customer support services for fees during the contractual term. On some occasions, software arrangements also call for multi-year maintenance and customer support services in addition to perpetual licenses. Services fees for which the Carve-out Entity has not performed any underlying services or is not entitled to invoice the customer as of June 30, 2019, are not reflected on the accompanying condensed consolidated carve-out interim financial statements.

401*(k) Savings Plan* The Carve-out Entity has a defined-contribution 401(k) savings plan covering all eligible employees that provides for employee salary deferral contributions and employer contributions. Employees may contribute up to 100% of their pay on a pre-tax basis subject to limitations imposed by the Internal Revenue Service. In addition, the Carve-out Entity matches up to four percent of employees' eligible earnings, subject to statutory prescribed annual limits. The

Carve-out Entity incurred expenses associated with the 401(k) plan amounting to approximately $228,000 and $213,000 for the six months ended June 30, 2019 and 2018, respectively, which are included in general and administrative expenses on the accompanying condensed consolidated carve-out statements of income.

State and Local Taxes In July 2019, as a result of its own nexus study and investigation, the Carve-out Entity has initiated applications to enter into voluntary disclosure agreements (individually, "VDA") with various state and local taxing authorities for potentially having underreported sales and use taxes related to its revenues generated from these jurisdictions. The Carve-out Entity expects the states to grant VDAs as it meets all of the statutory requirements for acceptance into a voluntary disclosure program. With certain exceptions, most VDA programs are contractual agreements whereby the state and local taxing authorities will allow entities to come forward to settle unfiled obligations with a limited look-back period of three or four years from the date of filings in exchange for the entities becoming current on its tax obligations. While its investigations continue, management believes that it is probable that the Carve-out Entity will potentially be liable for up to approximately $1,441,000 in sales and use taxes including interest as of July 2019. As of June 30, 2019 and 2018, the Carve-out Entity recorded the potential liability in the amount of approximately $1,441,000 and $900,000, of which approximately $618,000 relates to years prior to December 31, 2017, and $360,000 and $283,000 relate to the six-month periods ended June 30, 2019 and 2018, respectively.

10. SUBSEQUENT EVENTS

The Carve-out Entity evaluated subsequent events that have occurred through the date of the Independent Auditor's Review Report, which is the date the condensed consolidated carve-out financial statements were available to be issued, and determined that there were no subsequent events or transactions that required recognition or disclosure in the condensed consolidated carve-out financial statements, except as disclosed in Notes 6, 7, and 9 and below.

In May 2019, the stockholders of NC4 Inc. received a non-binding preliminary offer from Everbridge, Inc. ("Everbridge") expressing the interest to acquire 100% of the assets of NC4 Inc.'s Risk Center and Public Safety businesses (subsequently excluding the Street Smart business unit). Effective July 29, 2019, both parties executed a certain membership interest purchase agreement (the "MIPA"). Pursuant to the terms and conditions set forth in the MIPA, and to effectuate the transaction, the stockholders of NC4 Inc. formed Celerium Group Inc. ("Celerium"), a Delaware S corporation, on July 19, 2019, to contribute all of the issued and outstanding shares of NC4 Inc. to Celerium in exchange for capital stock of Celerium. Immediately after the contribution and close of the MIPA on July 29, 2019, NC4 Inc. was converted into a Delaware limited liability company having the name, NC4, LLC, and all of the outstanding shares of NC4 Inc. were converted into membership interests, which were then wholly owned by Celerium. Under the MIPA, Celerium desired to sell, transfer, and assign to Everbridge, and Everbridge desired to purchase and acquire from Celerium, at the closing of the MIPA, 100% of the membership interests of NC4, LLC and NC4 Public Sector LLC on the Company Subsidiary Transfer Date (as defined). Following the closing and prior to the Company Subsidiary Transfer Date, Celerium caused to be transferred and assigned from NC4 Public Sector LLC to an affiliate of Celerium all assets and liabilities solely and exclusively used or held for use by the Street Smart business unit.

Exhibit 99.3

Unaudited Condensed Pro Forma Combined Financial Information

On July 29, 2019, Everbridge, Inc. (the "Company") entered into a Membership Interest Purchase Agreement (the "Purchase Agreement") with NC4 Inc. and NC4 Public Sector LLC, and Celerium Group Inc. (the "Seller"), pursuant to which the Company purchased all of the outstanding membership interests of NC4 Inc. and NC4 Public Sector (collectively "NC4") for total consideration of approximately $84.6 million. The Company paid approximately $51.7 million in cash at closing from the Company's cash and cash equivalents, which is subject to certain post-closing net working capital adjustments provided for in the Purchase Agreement. The remaining purchase price was paid with 320,998 newly issued shares of the Company's common stock. On August 1, 2019, the Acquisition was consummated pursuant to the Purchase Agreement, except the transfer of the NC4 Public Sector business which was consummated on September 30, 2019. The other terms of the acquisition are set forth in the Purchase Agreement, which was filed by the Company as an exhibit to a Current Report on Form 8-K dated August 2, 2019.

The following unaudited condensed pro forma combined financial information is based on the historical financial statements of Everbridge and NC4 and presents the effect of the acquisition as if it had occurred on January 1, 2018 in respect to the unaudited pro forma combined statements of operations for the six months ended June 30, 2019 and the twelve months ended December 31, 2018. The unaudited pro forma condensed combined balance sheet as of June 30, 2019 gives effect to these transactions as if they had occurred on June 30, 2019. The pro forma adjustments are based upon available information and certain assumptions that management believes are reasonable under the circumstances. The pro forma adjustments were applied to the respective historical financial statements to reflect and account for the acquisition using the purchase method of accounting.

The unaudited condensed pro forma combined financial information is provided for informational purposes. It may not necessarily represent what Everbridge consolidated results would have been had the transaction actually occurred as of the date indicated, nor is it necessarily representative of Everbridge's future consolidated results of operations or financial position.

The unaudited condensed pro forma combined financial information was prepared using the assumptions described in the related notes. The historical financial information has been adjusted to give effect to pro forma events that are (1) directly attributable to the acquisition, (2) factually supportable, and (3) with respect to the statement of operations, expected to have a continuing impact on the combined results. The unaudited condensed pro forma combined financial information does not include the realization of cost savings from operational efficiencies, revenue synergies or changes in operating strategies that may result from the acquisition. Therefore, the information presented in the accompanying unaudited condensed pro forma combined financial statements may differ materially from future results realized.

The unaudited condensed pro forma combined financial statements allocate the purchase price to the underlying tangible and intangible assets acquired by Everbridge and liabilities assumed by Everbridge based on their respective fair market values with any excess purchase price allocated to goodwill. This allocation is dependent upon certain valuations and other studies that are preliminary, based on work performed to date. Accordingly, the pro forma adjustments are preliminary and have been made solely for the purpose of providing unaudited condensed pro forma combined financial information. Everbridge anticipates that all the information needed to identify and measure values assigned to the assets acquired and liabilities assumed will be obtained and finalized during the one-year measurement period following the acquisition date. Differences between these preliminary estimates and the final acquisition accounting may occur, and these differences could have a material impact on the unaudited condensed pro forma combined financial statements presented below.

The unaudited condensed pro forma combined financial information should be read in conjunction with (i) our Annual Report on Form 10-K for the year ended December 31, 2018 as filed with the SEC on March 1, 2019; (ii) our Quarterly Report on Form 10-Q for the six months ended June 30, 2019 as filed with the SEC on August 9, 2019; (iii) the historical audited financial statements of NC4 as of and for the year ended December 31, 2018 filed as Exhibit 99.1 herein; and (iv) the historical unaudited interim financial statements of NC4 as of and for the six months ended June 30, 2019 and 2018 filed as Exhibit 99.2 herein.

Unaudited Condensed Pro Forma Combined Balance Sheet
As of June 30, 2019
(In thousands, except share data)

	Historical					
	Everbridge	NC4	Conforming Adjustments (A)	Pro Forma Adjustments	Notes	Combined
Assets						
Current assets:						
Cash and cash equivalents	$ 235,130	$ 437	$ —	$ (52,051)	(B) (C)	$ 183,516
Restricted cash	94	—	—	—		94
Short-term investments	3,496	—	—	—		3,496
Accounts receivable, net	42,400	3,049	—	(370)	(C)	45,079
Prepaid expenses	8,358	623	—	(339)	(C)	8,642
Deferred costs	6,867	275	—	(275)	(C)	6,867
Other current assets	2,739	—	—	137	(C)	2,876
Total current assets	299,084	4,384	—	(52,898)		250,570
Property and equipment, net	6,034	289	(10)	(214)	(C)	6,099
Capitalized software development costs, net	13,850	—	10	—		13,860
Goodwill	51,466	776	—	37,841	(D)	90,083
Intangible assets, net	25,242	88	—	50,992	(E)	76,322
Deferred costs	10,692	432	—	(432)	(C)	10,692
Restricted cash	3,031	—	—	—		3,031
Other assets	15,180	30	—	232	(C) (F) (G)	15,442
Total assets	$ 424,579	$ 5,999	$ —	$ 35,521		$ 466,099
Liabilities and Stockholders' Equity (Deficit)						
Current liabilities:						
Accounts payable	$ 5,126	$ 373	$ —	$ (227)	(C)	$ 5,272
Accrued payroll and employee related liabilities	14,244	—	1,290	532	(C)	16,066
Accrued expenses	4,892	2,925	(1,290)	(2,712)	(C)	3,815
Deferred revenue	95,046	9,415	—	(2,292)	(C) (H)	102,169
Note payable	—	—	—	—		—
Other current liabilities	5,443	—	—	257	(F) (I)	5,700
Total current liabilities	124,751	12,713	—	(4,442)		133,022
Long-term liabilities:						
Deferred revenue, noncurrent	2,993	—	—	339	(H)	3,332
Convertible senior notes	96,521	—	—	—		96,521
Deferred tax liabilities	1,105	—	—	—		1,105
Other long term liabilities	13,669	27	—	(27)	(C)	13,669
Total liabilities	239,039	12,740	—	(4,130)		247,649
Commitments and contingencies						
Stockholders' equity (deficit):						
Preferred stock, par value $0.001, 10,000,000 shares authorized, no shares issued or outstanding for Everbridge	—	—	—	—		—
Common stock, $0.001 par value, 100,000,000 shares authorized, 33,150,319 shares issued and outstanding for Everbridge and $0.001 par value, 3,000 shares authorized, 1,515 shares issued and outstanding for NC4	33	—	—	—		33
Additional paid-in capital	364,149	63,938	—	(31,033)	(B) (J)	397,054
Stockholders' net investments	—	(20,221)	—	20,221	(J)	—
Accumulated deficit	(173,867)	(50,458)	—	50,463	(J)	(173,862)
Accumulated other comprehensive loss	(4,775)	—	—	—		(4,775)
Total stockholders' equity (deficit)	185,540	(6,741)	—	39,651		218,450
Total liabilities and stockholders' equity (deficit)	$ 424,579	$ 5,999	$ —	$ 35,521		$ 466,099

See accompanying notes to unaudited condensed pro forma combined financial information.

Unaudited Condensed Pro Forma Combined Statement of Operations
For the year ended December 31, 2018
(In thousands, except share and per share data)

	Historical					
	Everbridge	NC4	Conforming Adjustments (K)	Pro Forma Adjustments	Notes	Combined
Revenue	$ 147,094	$17,960	$ —	$ (1,886)	(L) (O)	$ 163,168
Cost of revenue	46,810	6,294	—	2,537	(M)	55,641
Gross profit	100,284	11,666	—	(4,423)		107,527
Operating expenses:						
Sales and marketing	69,608	—	4,375	(441)	(O)	73,542
Research and development	41,305	—	2,934	—		44,239
General and administrative	31,462	9,145	(7,309)	12,699	(M)	45,997
Total operating expenses	142,375	9,145	—	12,258		163,778
Operating income (loss)	(42,091)	2,521	—	(16,681)		(56,251)
Other income (expense), net:						
Interest income	1,842	—	—	—		1,842
Interest expense	(6,346)	(1)	—	—		(6,347)
Other expenses, net	(124)	(2)	—	—		(126)
Total other expense, net	(4,628)	(3)	—	—		(4,631)
Income (loss) before income taxes	(46,719)	2,518	—	(16,681)		(60,882)
Provision for income taxes	(796)	(1)	—	100	(P)	(697)
Net income (loss)	$ (47,515)	$ 2,517	$ —	$ (16,581)		$ (61,579)
Net loss per share attributable to common stockholders:						
Basic	$ (1.63)					$ (2.09)
Diluted	$ (1.63)					$ (2.09)
Weighted-average common shares outstanding:						
Basic	29,107,267			320,998	(Q)	29,428,265
Diluted	29,107,267			320,998	(Q)	29,428,265

See accompanying notes to unaudited condensed pro forma combined financial information.

Unaudited Condensed Pro Forma Combined Statement of Operations
For the six months ended June 30, 2019
(In thousands, except share and per share data)

	Historical				
	Everbridge	NC4	Pro Forma Adjustments	Notes	Combined
Revenue	$ 91,224	$9,215	$ (85)	(O)	$ 100,354
Cost of revenue	28,720	2,765	1,268	(M)	32,753
Gross profit	62,504	6,450	(1,353)		67,601
Operating expenses:					
Sales and marketing	42,086	1,442	(234)	(O)	43,294
Research and development	24,287	1,257	—		25,544
General and administrative	21,022	2,500	2,559	(M) (N)	26,081
Total operating expenses	87,395	5,199	2,325		94,919
Operating income (loss)	(24,891)	1,251	(3,678)		(27,318)
Other income (expense), net:					
Interest and investment income	2,509	—	—		2,509
Interest expense	(3,289)	—	—		(3,289)
Other expenses, net	(94)	—	—		(94)
Total other expense, net	(874)	—	—		(874)
Income (loss) before income taxes	(25,765)	1,251	(3,678)		(28,192)
Provision for income taxes	(432)	(1)	—	(P)	(433)
Net income (loss)	$ (26,197)	$1,250	$ (3,678)		$ (28,625)
Net loss per share attributable to common stockholders:					
Basic	$ (0.80)				$ (0.87)
Diluted	$ (0.80)				$ (0.87)
Weighted-average common shares outstanding:					
Basic	32,645,522		320,998	(Q)	32,966,520
Diluted	32,645,522		320,998	(Q)	32,966,520

See accompanying notes to unaudited condensed pro forma combined financial information.

Notes to the Unaudited Condensed Pro Forma Combined Financial Statements

1. DESCRIPTION OF ACQUISITION

On August 1, 2019, Everbridge, Inc. ("Everbridge" or "the Company") acquired all of the outstanding membership interest (the "Units") of NC4 Inc. and on September 30, 2019 the Company acquired all of the outstanding membership interest of NC4 Public Sector (collectively "NC4"), pursuant to a Membership Interest Purchase Agreement, dated as of July 29, 2019 (the "Purchase Agreement"). The purchase price consisted of cash consideration of $51.7 million and issuance of 320,998 common stock shares which were determined to have a fair value of $32.9 million on the date of sale. A portion of the cash purchase price was deposited in a third party escrow account and is available for satisfaction of post-closing indemnification obligations. Any remaining portion of the escrow amount that is not subject to then pending claims will be paid on the 18-month anniversary of the acquisition date.

2 BASIS OF PRO FORMA PRESENTATION

The unaudited condensed pro forma combined financial information was prepared using the acquisition method of accounting, which is based on authoritative guidance for business combinations and fair value concepts. The unaudited condensed pro forma combined financial statements were prepared on the basis of accounting principles generally accepted in the United States of America ("GAAP") utilizing the SEC's guidance under Article 11 of Regulation S-X.

In accordance with the acquisition method of accounting for business combinations, the assets acquired and the liabilities assumed are recorded at their respective fair values and added to those of the Company. The excess purchase consideration over the fair values of assets acquired and liabilities assumed was recorded as goodwill. The total purchase price was allocated using information currently available to the Company.

Under the acquisition method, acquisition-related transaction costs (e.g., advisory, legal, valuation and other professional fees) are not included as consideration transferred but are accounted for as expense in the periods in which the costs are incurred. These costs are not presented in the unaudited condensed pro forma combined financial statements because they will not have a continuing impact on the combined results.

The unaudited condensed pro forma combined consolidated statement of operations reflect certain adjustments that are necessary to present fairly our unaudited condensed pro forma combined statement of operations. The pro forma adjustments give effect to events that are (1) directly attributable to the acquisition, (2) factually supportable and (3) with respect to the statement of operations, expected to have a continuing impact on the combined results, and are based on assumptions that management believes are reasonable given the best information currently available.

Acquisition Accounting Allocation

The following table summarizes the purchase price allocation of consideration transferred as if the acquisition had closed on June 30, 2019 (in thousands):

Preliminary purchase consideration	$84,560
Allocation of the purchase consideration:	
Cash	$ 41
Other current assets	3,100
Property and equipment	75
Identifiable intangible assets	51,080
Goodwill	38,617
Other assets	262
Total assets acquired	93,175
Deferred revenue	7,123
Other current liabilities	1,153
Deferred revenue, noncurrent	339
Total liabilities assumed	8,615
Net assets acquired	$84,560

3. PRO FORMA ADJUSTMENTS

The accompanying unaudited condensed pro forma combined financial statements reflect the following pro forma adjustments:

Unaudited Condensed Pro Forma Combined Balance Sheet

(A) Certain reclassifications have been made to the historical presentation of NC4 to conform with the financial presentation of Everbridge, including: (i) adjustment to separately disclose Capitalized software development costs from Property and equipment and (ii) adjustment to separately disclose Accrued payroll and employee related liabilities from Accrued expenses.

(B) Adjustment to reflect the payment of the cash portion of the consideration of $51.7 million and the issuance of shares to acquire NC4.

(C) Adjustment to acquired net assets to reflect the fair value.

(D) Adjustment to record the residual value of the consideration over the identifiable assets to Goodwill.

(E) Adjustment to record the fair value of identifiable Intangible assets.

(F) Adjustment to reflect the adoption of Accounting Standards Codification ("ASC") 842, *Leases*, which was adopted by Everbridge on January 1, 2019.

(G) No deferred tax asset or liability has been reflected for the pro forma adjustments due to the Company's full valuation allowance.

(H) Adjustment to reflect the fair value of Deferred revenue.

(I) Adjustment to reflect the accrual and adjustment for estimated non-recurring costs directly attributable to the acquisition.

(J) Represents the elimination of the historical equity of NC4 and the issuance of common stock (in thousands):

Issuance of 320,998 shares of common stock	$32,905
Less: historical NC4 stockholder's deficit as of June 30, 2019	6,741
Less: transaction costs paid in connection with the acquisition	5
Pro forma adjustment to stockholders' equity	$39,651

Unaudited Condensed Pro Forma Combined Statements of Operations

(K) Certain reclassifications have been made to the historical presentation of NC4 to conform with the financial presentation of Everbridge, including adjustments to separately disclose Sales and marketing and Research and development expenses from General and administrative expenses.

(L) Adjustment to reflect the adoption of ASC 606, *Revenue Recognition*, of deferred revenue recognized in the historical statement of operations of NC4 primarily related to amounts collected or incurred by NC4 at the beginning of a customer contract for upfront set-up fees which were not amortized over the longer of the contract life or the estimated customer life. Everbridge adopted ASC 606 on January 1, 2018. NC4's adoption of ASC 606, which took place on January 1, 2019, is reflected within its unaudited interim financial statements filed within Exhibit 99.2.

(M) Adjustment to record amortization expense of $2.5 million on developed technology and $12.7 million on the remaining identifiable intangible assets for the twelve months ended December 31, 2018 and $1.3 million on developed technology and $2.6 million the remaining identifiable intangible assets for the six months ended June 30, 2019, as if the acquisition had occurred on January 1, 2018. The weighted average useful life on the identifiable intangible assets acquired is approximately 5.51 years. The assets are amortized using the straight line method and are classified in cost of revenue and general and administrative expenses.

(N) Adjustment to eliminate transaction costs incurred by the Company and NC4, as a result of the acquisition, primarily consisting of legal and advisory fees.

(O) To reflect estimated amortization of the preliminary fair value adjustment for acquired deferred revenue of $1.9 million and the elimination of historical deferred commission assets calculated as if the acquisition had occurred on January 1, 2018. Deferred commissions were recast to reflect the adjustment related to the adoption of ASC 340-40, *Other Assets and Deferred Costs - Contracts with Customers,* to capitalize incremental costs incurred in obtaining contracts with customers. These costs consist primarily of commissions paid when contracts are signed.

(P) No provision for income taxes has been reflected for the pro forma adjustments since any tax benefit recorded resulting from the pro forma pretax losses would be offset by a corresponding increase in the valuation allowance.

(Q) The change in weighted average common shares outstanding as a result of the common shares issued as a result of the transaction.