



May 4, 2023

VIA EDGAR

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Technology
100 F Street, N.E.
Washington, DC 20549
Attention: Robert S. Littlepage and Joseph Cascarano

**Re: Everbridge, Inc.
Form 10-K for the Fiscal Year Ended December 31, 2022
Filed February 24, 2023
File No. 001-37874**

Dear Mr. Littlepage and Mr. Cascarano:

This letter sets forth the response of Everbridge, Inc. (the "Company") to comments (the "Comments") from the staff of the U.S. Securities and Exchange Commission's Division of Corporate Finance (the "Staff") relating to the Company's Form 10-K for the year ended December 31, 2022 filed on February 24, 2023 (the "2022 Form 10-K") as set forth in the Staff's letter dated April 27, 2023.

For your convenience, the Comments are repeated below in bold type, followed by the Company's response.

Form 10-K for the Fiscal Year Ended December 31, 2022 Additional Supplemental Non-GAAP Financial Measures, page 75

- We note your Additional Supplemental Non-GAAP Financial Measures, specifically the reconciliation table of your GAAP to non-GAAP financial measures for the years ended December 31, 2022 through 2020. The reconciliation table appears to include most of the major captions of the consolidated statements of operations, which gives undue prominence to your Non-GAAP financial measures. Please revise your presentation to comply with Question 102.10(c) of the Compliance and Disclosure Interpretations on Non-GAAP Financial Measures. This comment also applies to the Reconciliation of GAAP measures to non-GAAP measures presented in the earnings release furnished with your Item 2.02 Form 8-K filed on February 22, 2023.**
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Response: The Company respectfully acknowledges the Staff’s comment and informs the Staff that it will revise the referenced disclosures in its future filings so that the reconciliation tables do not resemble a full non-GAAP income statement. The following reflects the revised presentation as applied to the 2022 Form 10-K and to the earnings release for the fourth quarter and full year ended December 31, 2022 furnished under Item 2.02 of the Company’s Form 8-K filed on February 22, 2023 (the “Q4 2022 Earnings Release”).

2022 Form 10-K Non-GAAP Reconciliation Revised Presentation:

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

| | Year Ended December 31, | | |
|--------------------------------------|-------------------------|-------------------|-------------------|
| | 2022 | 2021 | 2020 |
| Gross profit | \$ 296,958 | \$ 254,217 | \$ 188,113 |
| Amortization of acquired intangibles | 11,657 | 12,109 | 4,157 |
| Stock-based compensation | 5,468 | 3,678 | 2,966 |
| 2022 Strategic Realignment | 953 | — | — |
| Non-GAAP gross profit | <u>\$ 315,036</u> | <u>\$ 270,004</u> | <u>\$ 195,236</u> |

The following table reconciles our GAAP gross margin to non-GAAP gross margin⁽¹⁾:

| | Year Ended December 31, | | |
|---|-------------------------|--------------|--------------|
| | 2022 | 2021 | 2020 |
| Gross margin | 68.8% | 69.0% | 69.4% |
| Amortization of acquired intangibles margin | 2.7% | 3.3% | 1.5% |
| Stock-based compensation margin | 1.3% | 1.0% | 1.1% |
| 2022 Strategic Realignment margin | 0.2% | 0.0% | 0.0% |
| Non-GAAP gross margin | <u>72.9%</u> | <u>73.3%</u> | <u>72.0%</u> |

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

The following table reconciles our GAAP net loss to non-GAAP net income (loss) (in thousands):

| | Year Ended December 31, | | |
|--|-------------------------|-----------------|-----------------|
| | 2022 | 2021 | 2020 |
| Net loss | \$ (61,174) | \$ (94,796) | \$ (93,396) |
| Amortization of acquired intangibles | 42,982 | 40,459 | 20,136 |
| Change in fair value of contingent consideration | (57) | (7,046) | 3,665 |
| Stock-based compensation | 47,620 | 44,095 | 46,755 |
| 2022 Strategic Realignment | 17,358 | — | — |
| Accretion of interest on convertible senior notes | 4,561 | 35,271 | 22,161 |
| (Gain) loss on extinguishment of debt, capped call modification and change in fair value | (19,243) | (7,181) | 446 |
| Income tax adjustments | (1,151) | (1,278) | (669) |
| Non-GAAP net income (loss) | <u>\$ 30,896</u> | <u>\$ 9,524</u> | <u>\$ (902)</u> |

Q4 2022 Earnings Release Non-GAAP Reconciliation Revised Presentation:

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

| | Three Months Ended | | Twelve Months Ended | |
|--------------------------------------|--------------------|------------------|---------------------|-------------------|
| | December 31, | | December 31, | |
| | 2022 | 2021 | 2022 | 2021 |
| Gross profit | \$ 82,739 | \$ 71,867 | \$ 296,958 | \$ 254,217 |
| Amortization of acquired intangibles | 2,602 | 3,336 | 11,657 | 12,109 |
| Stock-based compensation | 1,350 | 587 | 5,468 | 3,678 |
| 2022 Strategic Realignment | 259 | — | 953 | — |
| Non-GAAP gross profit | <u>\$ 86,950</u> | <u>\$ 75,790</u> | <u>\$ 315,036</u> | <u>\$ 270,004</u> |

The following table reconciles our GAAP gross margin to non-GAAP gross margin⁽¹⁾:

| | Three Months Ended | | Twelve Months Ended | |
|---|--------------------|---------------|---------------------|---------------|
| | December 31, | | December 31, | |
| | 2022 | 2021 | 2022 | 2021 |
| Gross margin | 70.6 % | 69.9 % | 68.8 % | 69.0 % |
| Amortization of acquired intangibles margin | 2.2 % | 3.2 % | 2.7 % | 3.3 % |
| Stock-based compensation margin | 1.2 % | 0.6 % | 1.3 % | 1.0 % |
| 2022 Strategic Realignment margin | 0.2 % | 0.0 % | 0.2 % | 0.0 % |
| Non-GAAP gross margin | <u>74.2 %</u> | <u>73.7 %</u> | <u>72.9 %</u> | <u>73.3 %</u> |

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

The following table reconciles our GAAP operating loss to non-GAAP operating income (loss) (in thousands):

| | Three Months Ended | | Twelve Months Ended | |
|--|--------------------|-------------------|---------------------|-----------------|
| | December 31, | | December 31, | |
| | 2022 | 2021 | 2022 | 2021 |
| Operating loss | \$ (9,727) | \$ (11,506) | \$ (84,183) | \$ (76,249) |
| Amortization of acquired intangibles | 9,854 | 11,635 | 42,982 | 40,459 |
| Change in fair value of contingent consideration | — | — | (57) | (7,046) |
| Stock-based compensation | 7,918 | (1,536) | 47,620 | 44,095 |
| 2022 Strategic Realignment | 6,539 | — | 17,357 | — |
| Non-GAAP operating income (loss) | <u>\$ 14,584</u> | <u>\$ (1,407)</u> | <u>\$ 23,719</u> | <u>\$ 1,259</u> |

The following table reconciles our GAAP net income (loss) to non-GAAP net income (loss) (in thousands):

| | Three Months Ended | | Twelve Months Ended | |
|---|--------------------|-------------------|---------------------|-----------------|
| | December 31, | | December 31, | |
| | 2022 | 2021 | 2022 | 2021 |
| Net income (loss) | \$ 16,161 | \$ (10,508) | \$ (61,174) | \$ (94,796) |
| Amortization of acquired intangibles | 9,854 | 11,635 | 42,982 | 40,459 |
| Change in fair value of contingent consideration | — | — | (57) | (7,046) |
| Stock-based compensation | 7,918 | (1,536) | 47,620 | 44,095 |
| 2022 Strategic Realignment | 6,537 | — | 17,358 | — |
| Accretion of interest on convertible senior notes | 1,069 | 9,801 | 4,561 | 35,271 |
| Gain on extinguishment of debt, capped call modification and change in fair value | (24,013) | (10,106) | (19,243) | (7,181) |
| Income tax adjustments | 170 | (1,348) | (1,151) | (1,278) |
| Non-GAAP net income (loss) | <u>\$ 17,696</u> | <u>\$ (2,062)</u> | <u>\$ 30,896</u> | <u>\$ 9,524</u> |

The following table presents our GAAP net income (loss) per share and non-GAAP net income (loss) per share:

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|------------------------------------|------------|-------------------------------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| Net income (loss) per share: | | | | |
| Basic | \$ 0.40 | \$ (0.27) | \$ (1.54) | \$ (2.50) |
| Diluted | \$ (0.15) | \$ (0.27) | \$ (1.76) | \$ (2.50) |
| Weighted-average common shares outstanding: | | | | |
| Basic | 39,967,553 | 39,009,233 | 39,680,440 | 37,962,793 |
| Diluted | 45,338,189 | 39,009,233 | 45,583,459 | 37,962,793 |
| Non-GAAP net income (loss) per share: | | | | |
| Basic | \$ 0.44 | \$ (0.05) | \$ 0.78 | \$ 0.25 |
| Diluted | \$ 0.39 | \$ (0.05) | \$ 0.67 | \$ 0.21 |
| Weighted-average common shares outstanding: | | | | |
| Basic | 39,967,553 | 39,009,233 | 39,680,440 | 37,962,793 |
| Diluted | 45,592,690 | 39,009,233 | 45,867,120 | 45,001,908 |

In addition to the reconciliations included above, the Company expects to include the following reconciliations in future investor presentations that accompany the Company's quarterly earnings conference calls. These presentations will be available on the Company's Investor Relations website.

The following reconciliation tables reflect the presentation as applied to the year ended December 31, 2022:

| | Year Ended December 31, | | |
|--------------------------------------|-------------------------|------------|-----------|
| | 2022 | 2021 | 2020 |
| Cost of revenue | \$ 134,934 | \$ 114,216 | \$ 83,028 |
| Amortization of acquired intangibles | (11,657) | (12,109) | (4,157) |
| Stock-based compensation | (5,468) | (3,678) | (2,966) |
| 2022 Strategic Realignment | (953) | — | — |
| Non-GAAP cost of revenue | \$ 116,856 | \$ 98,429 | \$ 75,905 |

| | Year Ended December 31, | | |
|------------------------------|-------------------------|------------|------------|
| | 2022 | 2021 | 2020 |
| Sales and marketing | \$ 173,621 | \$ 161,337 | \$ 123,330 |
| Stock-based compensation | (15,917) | (15,936) | (15,836) |
| 2022 Strategic Realignment | (1,053) | — | — |
| Non-GAAP sales and marketing | \$ 156,651 | \$ 145,401 | \$ 107,494 |

| | Year Ended December 31, | | |
|-----------------------------------|-------------------------|-----------|-----------|
| | 2022 | 2021 | 2020 |
| Research and development | \$ 95,986 | \$ 81,647 | \$ 62,512 |
| Stock-based compensation | (9,967) | (8,717) | (8,935) |
| 2022 Strategic Realignment | (1,014) | — | — |
| Non-GAAP research and development | \$ 85,005 | \$ 72,930 | \$ 53,577 |

| | Year Ended December 31, | | |
|--|-------------------------|------------------|------------------|
| | 2022 | 2021 | 2020 |
| General and administrative | \$ 99,365 | \$ 87,482 | \$ 74,485 |
| Amortization of acquired intangibles | (31,325) | (28,350) | (15,979) |
| Change in fair value of contingent consideration | 57 | 7,046 | (3,665) |
| Stock-based compensation | (16,268) | (15,764) | (19,018) |
| 2022 Strategic Realignment | (2,168) | — | — |
| Non-GAAP general and administrative | <u>\$ 49,661</u> | <u>\$ 50,414</u> | <u>\$ 35,823</u> |

| | Year Ended December 31, | | |
|--|-------------------------|-------------------|-------------------|
| | 2022 | 2021 | 2020 |
| Total operating expenses | \$ 381,141 | \$ 330,466 | \$ 260,327 |
| Amortization of acquired intangibles | (31,325) | (28,350) | (15,979) |
| Change in fair value of contingent consideration | 57 | 7,046 | (3,665) |
| Stock-based compensation | (42,152) | (40,417) | (43,789) |
| 2022 Strategic Realignment | (16,404) | — | — |
| Non-GAAP operating expenses | <u>\$ 291,317</u> | <u>\$ 268,745</u> | <u>\$ 196,894</u> |

2. **We also note you disclose Non-GAAP gross margin, a non-GAAP financial measure, without its most directly comparable GAAP financial measure, which is a GAAP gross profit margin. Please revise to disclose the most directly comparable GAAP financial measure with equal or greater prominence. This comment also applies to the Non-GAAP gross margin presented in the earnings release furnished with your Item 2.02 Form 8-K filed on February 22, 2023. Refer to Question 102.10(a) of the Compliance and Disclosure Interpretations on Non-GAAP Financial Measures and Item 10(e)(1)(i)(A) of Regulation S-K.**

Response: The Company respectfully acknowledges the Staff's comment and respectfully advises the Staff that it provided GAAP gross profit margin with equal or greater prominence in the 2022 Form 10-K on page 70 in the table that sets forth the consolidated statements of operations as a percentage of revenue and in the Q4 2022 Earnings Release in the fourth line of the Consolidated Statement of Operations and Comprehensive Loss. However, for additional clarity, in future filings, the Company will also provide separate reconciliations of GAAP gross profit margin to Non-GAAP gross margin in the format set forth above.

If you should have any questions or further comments with respect to the Company's response to the Comments, please do not hesitate to contact me.

Sincerely,

/s/ Patrick Brickley

Patrick Brickley

Executive Vice President and Chief
Financial Officer

