

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2023

OR

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

For the transition period from to

Commission File Number: 001-37874

Everbridge, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

26-2919312

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

25 Corporate Drive, Suite 400

Burlington, Massachusetts

(Address of principal executive offices)

01803

(Zip Code)

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

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 Global Market

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

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

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

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

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

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

As of May 4, 2023, the registrant had 40,549,327 shares of common stock outstanding.

EVERBRIDGE, INC. AND SUBSIDIARIES
FORM 10-Q
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PART I—FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited).

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

	March 31, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 220,880	\$ 198,725
Restricted cash	2,063	2,046
Accounts receivable, net	107,054	119,986
Prepaid expenses	15,789	13,133
Assets held for sale	—	6,485
Deferred costs and other current assets	34,139	31,866
Total current assets	379,925	372,241
Property and equipment, net	8,388	8,993
Capitalized software development costs, net	28,192	27,370
Goodwill	510,962	508,781
Intangible assets, net	156,761	166,177
Restricted cash	815	823
Prepaid expenses	1,442	1,709
Deferred costs and other assets	39,826	39,570
Total assets	\$ 1,126,311	\$ 1,125,664
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 9,289	\$ 10,854
Accrued payroll and employee related liabilities	29,523	31,175
Accrued expenses	12,778	13,566
Deferred revenue	238,135	233,106
Liabilities held for sale	—	2,062
Other current liabilities	9,640	10,644
Total current liabilities	299,365	301,407
Long-term liabilities:		
Deferred revenue, noncurrent	8,684	9,278
Convertible senior notes	501,013	500,298
Deferred tax liabilities	5,714	6,236
Other long-term liabilities	18,772	19,334
Total liabilities	833,548	836,553
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, par value \$0.001, 10,000,000 shares authorized, no shares issued or outstanding as of March 31, 2023 and December 31, 2022, respectively	—	—
Common stock, \$0.001 par value, 100,000,000 shares authorized, 40,481,616 and 40,127,522 shares issued and outstanding as of March 31, 2023 and December 31, 2022, respectively	40	40
Additional paid-in capital	737,017	721,143
Accumulated deficit	(416,772)	(402,124)
Accumulated other comprehensive loss	(27,522)	(29,948)
Total stockholders' equity	292,763	289,111
Total liabilities and stockholders' equity	\$ 1,126,311	\$ 1,125,664

See accompanying notes to condensed consolidated financial statements.

EVERBRIDGE, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(in thousands, except share and per share data)
(unaudited)

	Three Months Ended March 31,	
	2023	2022
Revenue	\$ 108,268	\$ 100,375
Cost of revenue	31,981	31,857
Gross profit	76,287	68,518
Operating expenses:		
Sales and marketing	42,188	41,816
Research and development	25,004	23,559
General and administrative	24,466	22,336
Restructuring	21	—
Total operating expenses	91,679	87,711
Operating loss	(15,392)	(19,193)
Other income (expense), net		
Interest and investment income	1,737	62
Interest expense	(769)	(1,300)
Other income, net	618	280
Total other income (expense), net	1,586	(958)
Loss before income taxes	(13,806)	(20,151)
(Provision for) benefit from income taxes	(842)	1,078
Net loss	\$ (14,648)	\$ (19,073)
Net loss per share attributable to common stockholders:		
Basic	\$ (0.36)	\$ (0.48)
Diluted	\$ (0.36)	\$ (0.48)
Weighted-average common shares outstanding:		
Basic	40,274,069	39,429,686
Diluted	40,274,069	39,429,686

See accompanying notes to condensed consolidated financial statements.

EVERBRIDGE, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Loss
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2023	2022
Net loss	\$ (14,648)	\$ (19,073)
Other comprehensive income (loss):		
Foreign currency translation adjustment, net of taxes	2,426	(5,360)
Total comprehensive loss	<u>\$ (12,222)</u>	<u>\$ (24,433)</u>

See accompanying notes to condensed consolidated financial statements.

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

	Common stock		Additional paid-in capital	Accumulated deficit	Accumulated- other comprehensive loss	Total
	Shares	Par value				
Balance at December 31, 2022	40,127,522	\$ 40	\$ 721,143	\$ (402,124)	\$ (29,948)	\$ 289,111
Stock-based compensation	—	—	13,931	—	—	13,931
Vesting of restricted stock units and performance-based restricted stock units	250,127	—	—	—	—	—
Stock award shares withheld to settle employee tax withholding liability	(56,062)	—	(1,866)	—	—	(1,866)
Exercise of stock options	71,166	—	1,263	—	—	1,263
Issuance of shares under employee stock purchase plan	88,863	—	2,546	—	—	2,546
Other comprehensive income	—	—	—	—	2,426	2,426
Net loss	—	—	—	(14,648)	—	(14,648)
Balance at March 31, 2023	40,481,616	\$ 40	\$ 737,017	\$ (416,772)	\$ (27,522)	\$ 292,763

	Common stock		Additional paid-in capital	Accumulated deficit	Accumulated- other comprehensive loss	Total
	Shares	Par value				
Balance at December 31, 2021	39,389,733	\$ 39	\$ 853,664	\$ (388,112)	\$ (2,902)	\$ 462,689
Cumulative effect of adoption of ASU 2020-06, net of taxes	—	—	(185,141)	47,162	—	(137,979)
Stock-based compensation	—	—	6,314	—	—	6,314
Vesting of restricted stock units and performance-based restricted stock units	68,560	1	—	—	—	1
Stock award shares withheld to settle employee tax withholding liability	(13,411)	—	(572)	—	—	(572)
Exercise of stock options	725	—	17	—	—	17
Issuance of shares under employee stock purchase plan	58,747	—	1,702	—	—	1,702
Other comprehensive loss	—	—	—	—	(5,360)	(5,360)
Net loss	—	—	—	(19,073)	—	(19,073)
Balance at March 31, 2022	39,504,354	\$ 40	\$ 675,984	\$ (360,023)	\$ (8,262)	\$ 307,739

See accompanying notes to condensed consolidated financial statements.

EVERBRIDGE, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2023	2022
Cash flows from operating activities:		
Net loss	\$ (14,648)	\$ (19,073)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	14,774	15,434
Amortization of deferred costs	4,514	3,963
Deferred income taxes	(501)	(6,553)
Accretion of interest on convertible senior notes	715	1,158
Provision for credit losses and sales reserve	1,635	213
Stock-based compensation	13,449	6,084
Other non-cash adjustments	(352)	(52)
Changes in operating assets and liabilities:		
Accounts receivable	11,994	11,420
Prepaid expenses	(2,465)	(2,447)
Deferred costs	(5,909)	(6,221)
Other assets	(597)	1,819
Accounts payable	(1,732)	(6,124)
Accrued payroll and employee related liabilities	(1,652)	(1,862)
Accrued expenses	(797)	3,246
Deferred revenue	3,589	8,036
Other liabilities	(1,442)	(1,339)
Net cash provided by operating activities	20,575	7,702
Cash flows from investing activities:		
Capital expenditures	(575)	(1,847)
Proceeds from sale of assets	4,289	—
Payment for acquisition of business, net of acquired cash	—	(47)
Additions to capitalized software development costs	(4,112)	(4,330)
Net cash used in investing activities	(398)	(6,224)
Cash flows from financing activities:		
Payments associated with shares withheld to settle employee tax withholding liability	(1,866)	(571)
Proceeds from employee stock purchase plan	2,546	1,702
Proceeds from stock option exercises	1,263	17
Other	(19)	(19)
Net cash provided by financing activities	1,924	1,129
Effect of exchange rates on cash, cash equivalents and restricted cash	63	(356)
Net increase in cash, cash equivalents and restricted cash	22,164	2,251
Cash, cash equivalents and restricted cash—beginning of period	201,594	492,758
Cash, cash equivalents and restricted cash—end of period	<u>\$ 223,758</u>	<u>\$ 495,009</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	\$ —	\$ —
Taxes, net of refunds received	617	335
Supplemental disclosure of non-cash activities:		
Capitalized assets included in accounts payable and accrued expenses	660	1,195
Stock-based compensation capitalized for software development	376	230

See accompanying notes to condensed consolidated financial statements.

EVERBRIDGE, INC. AND SUBSIDIARIES
Notes to the Condensed Consolidated Financial Statements
(Unaudited)

(1) Business and Nature of Operations

Everbridge, Inc., a Delaware corporation (together with its wholly-owned subsidiaries, referred to as “Everbridge” or the “Company”), is a global software company that empowers resilience by leveraging intelligent automation technology to enable customers to anticipate, mitigate, respond to, and recover from critical events to keep people safe and organizations running. The Company’s SaaS-based platform enables the Company’s customers to manage and mitigate critical events. The Company’s enterprise applications, such as Mass Notification, Safety Connection, IT Alerting, Visual Command Center, Public Warning, Community Engagement, Risk Center, Crisis Management, CareConverge, Control Center, 911 Connect, Travel Risk Management, SnapComms and E911, automate numerous critical event management (“CEM”) processes. The Company generates revenue primarily from subscription fees to the Company’s enterprise applications. The Company has operations in the United States, United Kingdom, Norway, China, Netherlands, Canada, New Zealand, France, India, and other countries.

(2) Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (“SEC”) regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. Therefore, these condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022.

The condensed consolidated balance sheet as of December 31, 2022, included herein, was derived from the audited financial statements as of that date, but does not include all disclosures including certain notes required by U.S. GAAP on an annual reporting basis.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all normal recurring adjustments necessary to present fairly the financial position, results of operations, comprehensive loss, statements of stockholders’ equity and cash flows for the interim periods, but are not necessarily indicative of the results of operations to be anticipated for the full year 2023 or any future period.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

In March 2023, Silicon Valley Bank and Signature Bank were closed and taken over by the Federal Deposit Insurance Corporation, which raised concern regarding the stability of other banks in the United States and in particular with respect to regional banks. While the Company has not been materially impacted by such events to date, if the Company's primary banking partners or the banking partners of the Company's customers were to experience a similar crisis, it may cause a material impact on the Company's liquidity, including the ability to access its cash and cash equivalents, or the liquidity of the Company's customers such as delays in, or failure to, make payments, or reduce their demand for the Company's products. Additionally, there have been significant changes to the global economic situation as a consequence of the COVID-19 pandemic. There continue to be uncertainties with respect to macroeconomic conditions as a result of the pandemic and otherwise and there may be future periods of global instability and volatility in markets where the Company conducts business which could cause changes to estimates as a result of the financial circumstances. Such changes to estimates could potentially result in impacts that would be material to the consolidated financial statements, particularly with respect to the timing of revenue recognition resulting from potential implementation delays, evaluating the recoverability of long-lived assets with finite useful lives for impairment and estimates of credit losses for accounts receivables and contract assets. No impairments were recorded as of the balance sheet date; however, due to significant uncertainty surrounding these situations, management's judgment could change in the future. As of the date of issuance of these financial statements, the Company's results of operations have not been significantly impacted by the banking industry disruption or the COVID-19 pandemic; however, the Company continues to monitor these situations.

Concentrations of Credit and Business Risk

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

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

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

Cash and Cash Equivalents

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

Restricted Cash

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

Significant Accounting Policies

There have been no changes to the Company's significant accounting policies described in the Annual Report on Form 10-K for the year ended December 31, 2022 filed with the SEC on February 24, 2023, that have had a material impact on the Company's condensed consolidated financial statements and related notes.

Revenue Recognition

The Company derives its revenues primarily from subscription services and professional services. Revenues are recognized when control of services is transferred to the Company's customers in an amount that reflects the consideration it expects to be entitled to in exchange for those services.

The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;

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

Subscription Services Revenues

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

Professional Services Revenues

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

Software License Revenues

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

Contracts with Multiple Performance Obligations

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

Returns

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

Customer Acceptance

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

Trade and Other Receivables

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

Deferred Costs

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

Deferred Revenue

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

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

Recently Adopted Accounting Pronouncements

ASU 2021-08

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

ASU 2022-04

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

Other accounting standard updates effective for interim and annual periods beginning after December 31, 2022 are not expected to have a material impact on the Company's financial position, results of operations or cash flows.

(3) Accounts Receivable and Contract Assets, Net

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

	As of March 31, 2023	As of December 31, 2022
Accounts receivable amortized cost	\$ 114,984	\$ 127,298
Allowance for credit losses	(7,930)	(7,312)
Net accounts receivable	<u>\$ 107,054</u>	<u>\$ 119,986</u>

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

	Three Months Ended March 31,	
	2023	2022
Balance, beginning of period	\$ (7,312)	\$ (6,922)
Provision for expected credit losses, net	(928)	(149)
Write-offs, net	310	298
Balance, end of period	<u>\$ (7,930)</u>	<u>\$ (6,773)</u>

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

	As of March 31, 2023	As of December 31, 2022
Contract asset amortized cost	\$ 10,192	\$ 8,525
Allowance for credit losses	(996)	(1,015)
Net contract asset	<u>\$ 9,196</u>	<u>\$ 7,510</u>

The following table summarizes the changes in the allowance for credit losses for contract assets (in thousands):

	Three Months Ended March 31,	
	2023	2022
Balance, beginning of period	\$ (1,015)	\$ (1,160)
Provision for expected credit losses, net	—	(110)
Write-offs	19	—
Balance, end of period	<u>\$ (996)</u>	<u>\$ (1,270)</u>

Credit loss expense was \$1.6 million and \$0.2 million for the three months ended March 31, 2023 and 2022, respectively.

The following table summarizes the changes in the sales reserve (in thousands):

	Three Months Ended March 31,	
	2023	2022
Balance, beginning of period	\$ (425)	\$ (250)
Additions	—	—
Write-offs	—	—
Balance, end of period	<u>\$ (425)</u>	<u>\$ (250)</u>

(4) Property and Equipment, Net

Property and equipment, net consisted of the following (in thousands):

	Useful life in years	As of March 31, 2023	As of December 31, 2022
Furniture and equipment	5	\$ 1,641	\$ 1,655
Leasehold improvements ⁽¹⁾	9	7,087	7,081
System hardware	5	2,201	1,718
Office computers	3	7,613	7,553
Computer and system software	3	2,468	2,398
		21,010	20,405
Less accumulated depreciation and amortization		(12,622)	(11,412)
Property and equipment, net		<u>\$ 8,388</u>	<u>\$ 8,993</u>

⁽¹⁾ Lesser of the lease term or the estimated useful lives of the improvements, which may be up to 9 years.

Depreciation and amortization expense for property and equipment was \$1.4 million and \$1.1 million for the three months ended March 31, 2023 and 2022, respectively.

(5) Capitalized Software Development Costs, Net

Capitalized software development costs, net consisted of the following (in thousands):

	Gross carrying amount	Amortization period	Accumulated amortization	Net carrying amount
As of March 31, 2023	\$ 48,745	3 years	\$ (20,553)	\$ 28,192
As of December 31, 2022	92,115	3 years	(64,745)	27,370

The Company capitalized software development costs of \$4.5 million and \$4.6 million for the three months ended March 31, 2023 and 2022, respectively.

Amortization expense for capitalized software development costs was \$3.7 million and \$2.8 million for the three months ended March 31, 2023 and 2022, respectively. Amortization of capitalized software development costs is classified within cost of revenue in the condensed consolidated statements of operations. During the three months ended March 31, 2023, the Company retired \$47.9 million of fully amortized capitalized software development assets.

The expected amortization of capitalized software development costs, as of March 31, 2023, for each of the following years is as follows (in thousands):

2023 (for the remaining nine months)	\$ 10,528
2024	11,000
2025	6,332
2026	332
	<u>\$ 28,192</u>

(6) Fair Value Measurements

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair value because of the short maturity of these items.

Certain assets, including long-lived assets, goodwill and intangible assets are also subject to measurement at fair value on a non-recurring basis if they are deemed to be impaired as a result of an impairment review. For the three months ended March 31, 2023 and year ended December 31, 2022, no impairments were identified of those assets requiring measurement at fair value on a non-recurring basis.

The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy. Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement (in thousands):

	As of March 31, 2023			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets:				
Cash equivalents:				
Money market funds	\$ 189,963	\$ —	\$ —	\$ 189,963
Total financial assets	\$ 189,963	\$ —	\$ —	\$ 189,963
Liabilities:				
Contingent consideration	\$ —	\$ —	\$ —	\$ —
Total financial liabilities	\$ —	\$ —	\$ —	\$ —

	As of December 31, 2022			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets:				
Cash equivalents:				
Money market funds	\$ 140,336	\$ —	\$ —	\$ 140,336
Total financial assets	\$ 140,336	\$ —	\$ —	\$ 140,336
Liabilities:				
Contingent consideration	\$ —	\$ —	\$ —	\$ —
Total financial liabilities	\$ —	\$ —	\$ —	\$ —

The Company classifies and discloses fair value measurements in one of the following three categories of fair value hierarchy:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets and liabilities.

Level 2 - Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

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

The Company's assets that are measured by management at fair value on a recurring basis are generally classified within Level 1 or Level 2 of the fair value hierarchy. The Company did not have any transfers into or out of Level 3 during the three months ended March 31, 2023.

The Company considers all highly liquid investments purchased with a remaining maturity of three months or less to be cash equivalents. The fair value of the Company's investments in certain money market funds is their face value and such instruments are classified as Level 1 and are included in cash and cash equivalents on the condensed consolidated balance sheets.

The Company estimates the fair value of the convertible senior notes based on market-observable inputs (Level 2). As of March 31, 2023 and December 31, 2022, the fair value of the 0% convertible senior notes due March 15, 2026 (the "2026 Notes") was determined to be \$313.4 million and \$320.5 million, respectively, and the principal amount of the notes was \$375.0 million for each period. As of March 31, 2023 and December 31, 2022, the fair value of the 0.125% convertible senior notes due December 15, 2024 (the "2024 Notes") was determined to be \$118.3 million and \$118.2 million, respectively, and the principal amount of the notes was \$133.6 million for each period.

(7) Goodwill and Intangible Assets, Net

The following table displays the changes in the gross carrying amount of goodwill (in thousands):

Balance at December 31, 2022	\$	508,781
Foreign currency translation		2,181
Balance at March 31, 2023	\$	510,962

There were no impairments recorded against goodwill during the three months ended March 31, 2023 and for the year ended December 31, 2022.

Intangible assets consisted of the following (in thousands):

	Gross carrying amount	Weighted average life (years)	As of March 31, 2023	
			Accumulated amortization	Net carrying amount
Amortizable intangible assets:				
Developed technology	\$ 35,035	3.47	\$ (23,669)	\$ 11,366
Tradenames	16,582	4.55	(7,987)	8,595
Customer relationships	204,429	8.34	(67,629)	136,800
Total intangible assets	<u>\$ 256,046</u>		<u>\$ (99,285)</u>	<u>\$ 156,761</u>
	Gross carrying amount	Weighted average life (years)	As of December 31, 2022	
			Accumulated amortization	Net carrying amount
Amortizable intangible assets:				
Developed technology	\$ 34,924	3.47	\$ (21,217)	\$ 13,707
Tradenames	16,513	4.55	(7,057)	9,456
Customer relationships	204,697	8.34	(61,683)	143,014
Total intangible assets	<u>\$ 256,134</u>		<u>\$ (89,957)</u>	<u>\$ 166,177</u>

Amortization expense for intangible assets was \$9.7 million and \$11.6 million for the three months ended March 31, 2023 and 2022, respectively. Included in the amortization expense amounts is amortization expense attributed to developed technology within cost of revenue of \$2.4 million and \$3.2 million for the three months ended March 31, 2023 and 2022, respectively. During 2022, the Company assigned \$5.6 million net carrying amount of intangible assets associated with a pending asset sale to assets held for sale on the consolidated balance sheet. During the three months ended March 31, 2023, the Company completed the divestiture and derecognized the intangible assets (see Note 8).

The expected amortization of the intangible assets, as of March 31, 2023, for each of the next five years and thereafter is as follows (in thousands):

2023 (for the remaining nine months)	\$	27,641
2024		31,773
2025		26,054
2026		20,270
2027		15,832
Thereafter		35,191
	\$	<u>156,761</u>

(8) Assets and Liabilities Held for Sale

The Company entered into an agreement in the fourth quarter of fiscal 2022 to sell certain assets. In connection with entering into this agreement, the Company concluded that the asset sale met the held for sale criteria and classified the assets and liabilities as held for sale.

Assets and liabilities classified as held for sale as of December 31, 2022 were comprised of the following (in thousands):

Accounts receivable	\$	635
Prepaid assets		254
Trade names		184
Customer relationships		5,344
Acquired technology		68
Total assets held for sale	\$	6,485
Accounts payable	\$	53
Accrued expenses		8
Deferred revenue		2,001
Total liabilities held for sale	\$	2,062

The Company completed the asset sale during March 2023 for total proceeds of \$4.8 million, subject to final working capital adjustments. In connection with the asset sale, the Company recorded a gain of \$0.3 million which is included in other income, net in the condensed consolidated statement of operations.

(9) Convertible Senior Notes

0% Convertible Senior Notes Due 2026

In March 2021, the Company issued \$375.0 million aggregate principal amount of 0% convertible senior notes due 2026, including \$50.0 million aggregate principal amount of 2026 Notes issued upon the initial purchasers' exercise in full of their option to purchase additional 2026 Notes. The 2026 Notes will mature on March 15, 2026, unless earlier redeemed or repurchased by the Company or converted by the holders pursuant to their terms. The Company will pay special interest, if any, at the Company's election as the sole remedy relating to the failure to comply with certain reporting obligations and under certain circumstances.

The 2026 Notes are governed by an Indenture between the Company, as issuer, and U.S. Bank National Association, as trustee (the "2026 Notes Indenture"). The 2026 Notes are unsecured and rank: senior in right of payment to the Company's indebtedness that is expressly subordinated in right of payment to the 2026 Notes; equal in right of payment to the Company's existing and future indebtedness that is not so subordinated, including its 0.125% convertible senior notes due 2024 (see 0.125% Convertible Senior Notes Due 2024 below); effectively junior in right of payment to any of the Company's secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness and other liabilities incurred by the Company's subsidiaries.

Upon conversion, the Company will pay or deliver, as the case may be, cash, shares of the Company's common stock or a combination of cash and shares of common stock, at the Company's election.

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

Holders may convert all or a portion of their 2026 Notes prior to the close of business on the business day immediately preceding December 15, 2025, in multiples of \$1,000 principal amount, only under the following circumstances:

- during any calendar quarter commencing after the calendar quarter ending on June 30, 2021 (and only during such calendar quarter), if the last reported sale price of the Company's common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;
- during the five business day period after any ten consecutive trading day period (the "2026 Notes Measurement Period"), in which the "trading price" (as the term is defined in the 2026 Notes Indenture) per \$1,000 principal amount of notes for each trading day of such 2026 Notes Measurement Period was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate on each such trading day;

- if the Company calls such notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date, but only with respect to the notes called (or deemed called) for redemption; or
- upon the occurrence of specified corporate events.

On or after December 15, 2025 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their 2026 Notes at the conversion rate at any time regardless of whether the conditions set forth above have been met.

As of March 31, 2023, the 2026 Notes are not yet convertible at the option of the debt holder and were classified as long-term on the condensed consolidated balance sheets as of March 31, 2023 and December 31, 2022.

The 2026 Notes are not redeemable by the Company prior to March 20, 2024. The Company may redeem for cash all or any portion of the 2026 Notes, at its option, on or after March 20, 2024 if the last reported sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which the Company provides notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption at a redemption price equal to 100% of the principal amount of the 2026 Notes to be redeemed, plus accrued and unpaid special interest, if any, to, but excluding, the redemption date.

The 2026 Notes consist of the following (in thousands):

	As of March 31, 2023	As of December 31, 2022
Liability component:		
Principal	\$ 375,000	\$ 375,000
Less: debt discount, net of amortization	(6,238)	(6,763)
Net carrying amount	<u>\$ 368,762</u>	<u>\$ 368,237</u>

The following table sets forth total interest expense recognized related to the 2026 Notes (in thousands):

	Three Months Ended March 31,	
	2023	2022
Amortization of debt discount and transaction costs	\$ 525	\$ 522

Effective interest rates were 0.6% and 7.3% for the three months ended March 31, 2023 and 2022, respectively.

The fair value of the 2026 Notes, which was determined based on inputs that are observable in the market or that could be derived from, or corroborated with, observable market data, quoted price of the 2026 Notes in an over-the-counter market (Level 2), and carrying value of debt instruments were as follows (in thousands):

	As of March 31, 2023		As of December 31, 2022	
	Fair Value	Carrying Value	Fair Value	Carrying Value
2026 Notes	\$ 313,406	\$ 368,762	\$ 320,520	\$ 368,237

In connection with the issuance of the 2026 Notes, the Company entered into capped call transactions with certain counterparties affiliated with the initial purchasers and other financial institutions. The capped call transactions are expected generally to reduce potential dilution to the Company's common stock upon any conversion of the 2026 Notes and/or offset any cash payments the Company is required to make in excess of the principal amount of converted 2026 Notes, as the case may be, with such reduction and/or offset subject to a cap. Under the capped call transactions, the Company purchased capped call options that in the aggregate relate to the total number of shares of the Company's common stock underlying the 2026 Notes, with an initial strike price of approximately \$180.70 per share, which corresponds to the initial conversion price of the 2026 Notes and is subject to anti-dilution adjustments substantially similar to those applicable to the conversion rate of the 2026 Notes, and with a cap price of approximately \$258.14. The cost of the purchased capped calls of \$35.1 million was recorded to shareholders' equity and will not be re-measured.

Based on the closing price of the Company's common stock of \$34.67 on March 31, 2023, the if-converted value of the 2026 Notes was less than their respective principal amounts.

0.125% Convertible Senior Notes Due 2024

In December 2019, the Company issued \$450.0 million aggregate principal amount of 0.125% convertible senior notes due 2024, including \$75.0 million aggregate principal amount of 2024 Notes issued upon the initial purchasers' exercise in full of their option to purchase additional 2024 Notes. The 2024 Notes will mature on December 15, 2024, unless earlier redeemed or repurchased by the Company or converted by the holders pursuant to their terms. Interest is payable semiannually in arrears on June 15 and December 15 of each year, commencing on June 15, 2020.

The 2024 Notes are governed by an Indenture between the Company, as issuer, and U.S. Bank National Association, as trustee (the "2024 Notes Indenture"). The 2024 Notes are unsecured and rank: senior in right of payment to the Company's indebtedness that is expressly subordinated in right of payment to the 2024 Notes; equal in right of payment to the Company's existing and future indebtedness that is not so subordinated, including its 2026 Notes; effectively junior in right of payment to any of the Company's secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness and other liabilities incurred by the Company's subsidiaries.

Upon conversion, the Company will pay or deliver, as the case may be, cash, shares of the Company's common stock or a combination of cash and shares of common stock, at the Company's election. The Company's current intention is to settle the conversion in shares of common stock if a conversion were to occur.

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

Holders may convert all or a portion of their 2024 Notes prior to the close of business on the business day immediately preceding June 15, 2024, in multiples of \$1,000 principal amount, only under the following circumstances:

- during any calendar quarter commencing after the calendar quarter ending on March 31, 2020 (and only during such calendar quarter), if the last reported sale price of the Company's common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;
- during the five business day period after any ten consecutive trading day period (the "2024 Notes Measurement Period"), in which the "trading price" (as the term is defined in the 2024 Notes Indenture) per \$1,000 principal amount of notes for each trading day of such 2024 Notes Measurement Period was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate on each such trading day;
- if the Company calls such notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date; or
- upon the occurrence of specified corporate events.

On or after June 15, 2024 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their 2024 Notes at the conversion rate at any time regardless of whether the conditions set forth above have been met.

As of March 31, 2023, the 2024 Notes were not convertible at the option of the debt holder and were classified as long-term on the condensed consolidated balance sheets as of March 31, 2023 and December 31, 2022.

The 2024 Notes were not redeemable by the Company prior to December 20, 2022. The Company may redeem for cash all or any portion of the 2024 Notes, at its option, on or after December 20, 2022 if the last reported sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which the Company provides notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption at a redemption price equal to 100% of the principal amount of the 2024 Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

During the year ended December 31, 2022, the Company paid approximately \$288.8 million in cash to repurchase approximately \$316.4 million aggregate principal amount of the 2024 Notes and recognized an extinguishment gain in the amount of \$24.0 million in gain (loss) on extinguishment of debt, capped call modification and change in fair value on the consolidated statement of operations during the year ended December 31, 2022.

The 2024 Notes consist of the following (in thousands):

	As of March 31, 2023	As of December 31, 2022
Liability component:		
Principal	\$ 133,558	\$ 133,558
Less: debt discount, net of amortization	(1,307)	(1,497)
Net carrying amount	<u>\$ 132,251</u>	<u>\$ 132,061</u>

The following table sets forth total interest expense recognized related to the 2024 Notes (in thousands):

	Three Months Ended March 31,	
	2023	2022
0.125% coupon	\$ 42	\$ 141
Amortization of debt discount and transaction costs	190	636
	<u>\$ 232</u>	<u>\$ 777</u>

Effective interest rates were 0.7% and 5.2% for the three months ended March 31, 2023 and 2022, respectively.

The fair value of the 2024 Notes, which was determined based on inputs that are observable in the market or that could be derived from, or corroborated with, observable market data, quoted price of the 2024 Notes in an over-the-counter market (Level 2), and carrying value of debt instruments were as follows (in thousands):

	As of March 31, 2023		As of December 31, 2022	
	Fair Value	Carrying Value	Fair Value	Carrying Value
2024 Notes	\$ 118,311	\$ 132,251	\$ 118,199	\$ 132,061

In connection with the issuance of the 2024 Notes, the Company entered into capped call transactions with certain counterparties affiliated with the initial purchasers and other financial institutions. The capped call transactions are expected generally to reduce potential dilution to the Company's common stock upon any conversion of the 2024 Notes and/or offset any cash payments the Company is required to make in excess of the principal amount of converted 2024 Notes, as the case may be, with such reduction and/or offset subject to a cap. Under the capped call transactions, the Company purchased capped call options that in the aggregate relate to the total number of shares of the Company's common stock underlying the 2024 Notes, with an initial strike price of approximately \$112.36 per share, which corresponds to the initial conversion price of the 2024 Notes and is subject to anti-dilution adjustments substantially similar to those applicable to the conversion rate of the 2024 Notes, and with a cap price of approximately \$166.46. The cost of the purchased capped calls of \$44.9 million was recorded to shareholders' equity and will not be re-measured.

Based on the closing price of the Company's common stock of \$34.67 on March 31, 2023, the if-converted value of the 2024 Notes was less than their respective principal amounts.

The following table summarizes the Company's debt obligations as of March 31, 2023 (in thousands):

	Remainder of 2023	2024-2025	2026-2027	Total
Debt obligations	\$ —	\$ 133,558	\$ 375,000	\$ 508,558

Debt obligations include the principal amount of the 2026 Notes and 2024 Notes but exclude interest payments to be made under the 2026 Notes and 2024 Notes. Although the 2026 Notes and 2024 Notes mature in 2026 and 2024, respectively, they can be converted into cash and shares of the Company's common stock prior to maturity if certain conditions are met. Any conversion prior to maturity can result in repayments of the principal amounts sooner than the scheduled repayments as indicated in the table. The 2026 Notes and 2024 Notes balance excludes debt discount capitalized on the balance sheet.

(10) Stockholders' Equity

Preferred Stock

As of March 31, 2023, the Company had authorized 10,000,000 shares of preferred stock, par value \$0.001, of which no shares were outstanding.

Common Stock

As of March 31, 2023, the Company had authorized 100,000,000 shares of common stock, par value \$0.001. Holders of common stock are entitled to one vote per share. At March 31, 2023 and December 31, 2022, there were 40,481,616 and 40,127,522 shares of common stock issued and outstanding, respectively.

(11) Stock Plans and Stock-Based Compensation

The Company's 2016 Equity Incentive Plan (the "2016 Plan") became effective on September 15, 2016. The 2016 Plan provides for the grant of incentive stock options, non-qualified stock options, restricted stock awards, restricted stock unit awards, stock appreciation rights and performance share awards to employees, directors and consultants of the Company. The number of shares of common stock reserved for issuance under the 2016 Plan will automatically increase on January 1 of each year by 3% of the number of shares of the Company's capital stock outstanding on the immediately preceding December 31, or such lesser number of shares as determined by the Company's board of directors (the "Board"). Additionally, on December 16, 2022, the Board adopted the Everbridge, Inc. 2022 Inducement Plan (the "2022 Inducement Plan"). The only persons eligible to receive grants of Inducement Awards (as defined below) under the 2022 Inducement Plan are individuals who satisfy the standards for inducement grants under Nasdaq Listing Rule 5635(c)(4). An "Inducement Award" means any right to receive Common Stock, cash or other property granted under the 2022 Inducement Plan (including nonstatutory stock options, restricted stock awards, restricted stock unit awards, stock appreciation rights, performance stock awards, performance cash awards or other stock-based awards).

2016 Employee Stock Purchase Plan

The Company's Employee Stock Purchase Plan (the "2016 ESPP") became effective on September 15, 2016. The number of shares reserved for issuance under the 2016 ESPP will automatically increase on January 1 of each year by the lesser of 200,000 shares of the Company's common stock, 1% of the number of shares of the Company's common stock outstanding on the immediately preceding December 31, or such lesser number of shares as determined by the Company's Board.

The 2016 ESPP allows eligible employees to purchase shares of the Company's common stock at a discount of up to 15% through payroll deductions of their eligible compensation, subject to any plan limitations. The 2016 ESPP provides for separate six-month offering periods beginning each March and September of each fiscal year.

On each purchase date, eligible employees will purchase the Company's stock at a price per share equal to 85% of the lesser of (i) the fair market value of the Company's common stock on the offering date or (ii) the fair market value of the Company's common stock on the purchase date.

For the three months ended March 31, 2023 and 2022, 88,863 and 58,747 shares of common stock were purchased under the 2016 ESPP, respectively. The Company recorded stock-based compensation expense of \$0.4 million and \$0.4 million for the three months ended March 31, 2023 and 2022, respectively. As of March 31, 2023, unrecognized compensation cost related to the 2016 ESPP was \$0.8 million which will be amortized over a weighted-average period of 0.42 years.

The fair value of shares issuable under the 2016 ESPP is determined using the Black-Scholes option pricing model with the following weighted average assumptions:

	Three Months Ended March 31,	
	2023	2022
Employee Stock Purchase Plan:		
Expected term (in years) ⁽¹⁾	0.50	0.50
Expected volatility ⁽²⁾	60%	65%
Risk-free interest rate ⁽³⁾	5.18%	0.86%
Dividend rate ⁽⁴⁾	0%	0%

⁽¹⁾ The expected term represents the contractual term of the 2016 ESPP;

- (2) The expected volatility of the Company's common stock on the date of grant is based on the weighted average of the Company's historical volatility as a public company, the implied volatility of publicly-traded options on the Company's common stock and the volatilities of publicly traded peer companies that are reasonably comparable to the Company's own operations;
- (3) The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for zero coupon U.S. Treasury notes with maturities approximately equal to the expected term of the grant; and
- (4) The expected dividend yield is assumed to be zero as the Company has never paid dividends and has no current plans to pay any dividends on the Company's common stock.

Stock Options

Stock option awards are granted with an exercise price equal to the fair market value of the Company's common stock at the date of grant based on the closing market price of its common stock as reported on The Nasdaq Global Market. The option awards generally vest over four years and are exercisable any time after vesting. The stock options expire ten years after the date of grant.

There were no stock options granted during the three months ended March 31, 2023. There was no stock-based compensation expense recorded during the three months ended March 31, 2023 as stock options were fully vested. The Company recorded stock-based compensation expense of \$0.1 million for the three months ended March 31, 2022 attributed to stock options.

The total intrinsic value of options exercised for the three months ended March 31, 2023 and 2022 was \$1.1 million and less than \$0.1 million, respectively. This intrinsic value represents the difference between the fair market value of the Company's common stock on the date of exercise and the exercise price of each option. Based on the fair market value of the Company's common stock at March 31, 2023 and 2022, the total intrinsic value of all outstanding options was \$0.6 million and \$3.1 million, respectively.

There was no unrecognized compensation cost related to nonvested stock options as of March 31, 2023. The amount of cash received from the exercise of stock options during the three months ended March 31, 2023 and 2022 was \$1.3 million and less than \$0.1 million, respectively.

The following table summarizes the Company's stock option activity:

	Stock options outstanding	Weighted average exercise price
Outstanding at December 31, 2022	142,202	\$ 23.89
Exercised	(71,166)	17.75
Forfeited	(1,901)	43.86
Outstanding at March 31, 2023	69,135	29.66

Stock options outstanding, vested and expected to vest and exercisable are as follows:

	As of March 31, 2023		
	Number of shares	Remaining contractual life (years)	Weighted- average exercise price
Outstanding	69,135	4.33	\$ 29.66
Vested and expected to vest	69,135	4.33	29.66
Exercisable	69,135	4.33	29.66

Vested and nonvested stock option activity was as follows:

	Vested	
	Options outstanding	Weighted average exercise price
Outstanding at March 31, 2023	69,135	\$ 29.66

Restricted Stock Units

During the three months ended March 31, 2023, the Company granted 217,770 restricted stock units (“RSUs”) to members of its senior management and certain other employees pursuant to the 2016 Plan. There were 247,583 RSUs that vested during the three months ended March 31, 2023. The Company accounts for RSUs issued to employees at fair value, based on the market price of the Company’s common stock on the date of grant. The weighted-average grant date fair values of RSUs granted during the three months ended March 31, 2023 and 2022 were \$32.86 and \$39.78, respectively. The fair values of RSUs that vested during the three months ended March 31, 2023 and 2022, were \$11.2 million and \$5.4 million, respectively. During the three months ended March 31, 2023 and 2022, the Company recorded \$10.5 million and \$7.0 million, respectively, of stock-based compensation related to the RSUs.

As of March 31, 2023, there was \$77.0 million of unrecognized compensation expense related to unvested RSUs which is expected to be recognized over a weighted-average period of approximately 2.25 years. For RSUs subject to graded vesting, the Company recognizes compensation cost on a straight-line basis over the service period for the entire award.

Performance-Based Restricted Stock Units

During the three months ended March 31, 2023, the Company granted 330,129 performance-based restricted stock unit (“PSU”) to members of its management pursuant to the 2016 Plan. There were 2,544 PSUs that vested during the three months ended March 31, 2023. Starting in 2023, PSU grants vest based on the achievement of pre-determined performance-based milestones including annual recurring revenue growth thresholds and adjusted earnings before interest, taxes, depreciation and amortization thresholds, as well as the employee’s continued employment with the Company through the date of achievement; through 2022 PSU grants vest based on revenue growth thresholds as well as the employee’s continued employment with the Company through the date of achievement. The measurement periods for the PSUs are two and three years with awards vesting after each measurement period. The PSUs contain minimum, target and maximum milestones for each performance-based milestone. The number of shares of common stock to be issued at vesting will range from zero to 125% of the target number of PSUs starting in 2023 and from zero to 150% of the target number of PSUs through 2022. During the three months ended March 31, 2023, the share price of the Company’s common stock on the date of issuance of the PSUs was \$34.13 per share. The fair value is based on the value of the Company’s common stock at the date of issuance and the probability of achieving the performance metric. Compensation cost is adjusted in future periods for subsequent changes in the expected outcome of the performance-related conditions. The weighted-average grant date fair values of PSUs granted during the three months ended March 31, 2023 and 2022 were \$34.13 and \$38.79, respectively.

During the three months ended March 31, 2023 and 2022, the Company recognized \$2.6 million and \$(1.4 million), respectively, of stock compensation expense in connection with the PSU awards. As of March 31, 2023, there was \$15.2 million of unrecognized compensation expense related to unvested PSUs which is expected to be recognized over a weighted-average period of approximately 1.92 years. Compensation cost is recognized under the accelerated method and is adjusted in future periods for subsequent changes in the expected outcome of the performance-related conditions.

The following table summarizes the Company’s RSU and PSU activity:

	Number of Shares
Outstanding at December 31, 2022	3,233,298
Granted	547,911
Vested	(250,127)
Forfeited	(109,716)
Outstanding at March 31, 2023	3,421,366

Market-Based Grants

During the three months ended March 31, 2022, the Company issued market-based grants, which are payable in cash to partially settle a vendor contract. The grants vest contingent upon the achievement of pre-determined market and service conditions. Cash payment at settlement will range from zero to approximately \$1.3 million based on the Company’s total stockholder return (“TSR”) relative to the performance of peer companies through September 2023. The market-based grants are classified as a liability on the Company’s balance sheet and will be remeasured at each reporting period until settlement. Fair value of the market-based grants at March 31, 2023 and 2022 was \$0.1 million and \$0.4 million, respectively. During the three months ended March 31, 2023 and 2022, the Company recognized a credit of \$0.1 million related to stock compensation expense and an immaterial amount of stock compensation expense, respectively, in connection with these awards.

Fair value of the market-based grants is determined using the Monte-Carlo simulation with the following assumptions:

	Three Months Ended March 31,	
	2023	2022
Market-Based Grants:		
Expected term (in years)	0.48	1.50
Expected volatility	57%	58%
Risk-free interest rate	4.88%	1.97%
Dividend rate	0%	0%

Stock-Based Compensation Expense

During 2022, the Company updated the presentation of the allocation of stock-based compensation capitalized for software development. Interim periods within 2022 have been recast to conform to the current presentation. The Company recorded the total stock-based compensation expense as follows (in thousands):

	Three Months Ended March 31,	
	2023	2022
Cost of revenue	\$ 1,655	\$ 829
Sales and marketing	4,747	1,344
Research and development	3,726	1,577
General and administrative	3,321	2,334
Total	\$ 13,449	\$ 6,084

Stock-based compensation expense is recognized over the award's expected vesting schedule, which is reduced for forfeitures.

(12) Basic and Diluted Net Loss per Share

Basic net loss per common share is computed by dividing net loss by the weighted-average number of shares of common stock outstanding during the period. Diluted net loss per share is computed by giving effect to all potential dilutive shares of common stock. Basic and diluted net loss per share of common stock were the same for all periods presented as the impact of all potentially dilutive securities outstanding was anti-dilutive. The Company uses the if converted method for convertible senior notes for calculating any potential dilutive effect on diluted loss per share.

The following common equivalent shares were excluded from the diluted net loss per share calculation because their inclusion would have been anti-dilutive:

	As of March 31,	
	2023	2022
Convertible senior notes	3,263,941	6,080,480
Stock-based compensation grants	3,490,501	3,007,953
Total	6,754,442	9,088,433

In connection with the issuance of the 2026 Notes in March 2021, the Company paid \$35.1 million to enter into capped call option agreements to reduce the potential dilution to holders of the Company's common stock upon conversion of the 2026 Notes. In connection with the issuance of the 2024 Notes in December 2019, the Company paid \$44.9 million to enter into capped call option agreements to reduce the potential dilution to holders of the Company's common stock upon conversion of the 2024 Notes. The capped call option agreements are excluded from the calculation of diluted net loss per share attributable to common stockholders as their effect is antidilutive.

Reserve for Unissued Shares of Common Stock

The Company is required to reserve and keep available out of its authorized but unissued shares of common stock such number of shares sufficient for the exercise of all shares granted and available for grant under the Company's 2008 Equity Incentive Plan, 2016 Plan, 2016 ESPP and 2022 Inducement Plan. The amount of such shares of the Company's common stock reserved for these purposes at March 31, 2023 was 7.7 million shares. Additionally, the Company is required to reserve and keep available out of its authorized but unissued shares of common stock shares that become issuable pursuant to the terms of the 2026 Notes and 2024 Notes.

(13) Income Taxes

The Company is subject to income tax in the United States as well as other tax jurisdictions in which it conducts business. Earnings from non-U.S. activities are subject to local country income tax. The Company does not provide for U.S. deferred income taxes on the undistributed earnings of its foreign subsidiaries as such earnings are reinvested indefinitely.

The Company's tax provision for interim periods is determined using an estimate of its annual effective tax rate, adjusted for discrete items arising in that quarter. In each quarter, the Company updates its estimate of the annual effective tax rate, and if the estimated annual tax rate changes, the Company makes a cumulative adjustment in that quarter. The Company's quarterly tax provision, and its quarterly estimate of its annual effective tax rate, are subject to significant volatility due to several factors, including the Company's ability to accurately predict its pre-tax income and loss in multiple jurisdictions.

For the three months ended March 31, 2023 and 2022, the Company recorded a provision for income taxes of \$0.8 million and a benefit from income taxes of \$1.1 million, respectively, resulting in an effective tax rate of (6.10)% and 5.35%, respectively. The provision for income taxes of \$0.8 million generated in the three months ended March 31, 2023, was primarily generated by estimated cash taxes required in jurisdictions in which the estimated deferred tax assets for the year will require a valuation allowance.

As of March 31, 2023, the Company had gross tax-effected unrecognized tax provision of \$1.2 million which, if recognized, would favorably impact the effective tax rate. The Company's existing tax positions will continue to generate an increase in unrecognized tax benefits in subsequent periods. The Company's policy is to record interest and penalties related to unrecognized tax benefits as a component of income tax expense. During the three months ended March 31, 2023 and 2022, the amounts recorded related to the accrual of interest and penalties were immaterial in each period.

(14) Segment information

The Company operates as one operating segment. Operating segments are defined as components of an enterprise for which separate financial information is evaluated regularly by the chief operating decision maker ("CODM"), who is the Company's chief executive officer, in deciding how to allocate resources and assess the Company's financial and operational performance. While the Company has applications that address multiple use cases, the Company's applications generally operate on and leverage a single technology platform and are deployed and sold in an identical way. In addition, the Company's CODM evaluates the Company's financial information and resources and assesses the performance of these resources on a consolidated basis. As a result, the Company has determined that the Company's business operates in a single operating segment. Since the Company operates as one operating segment, all required financial segment information can be found in the consolidated financial statements.

(15) Revenue Recognition

During 2022, the Company updated the following geographic market presentation. Interim periods within 2022 have been recast to conform to the current presentation. North America includes United States and Canada and International aggregates international revenues excluding Canada. The majority of the Company's North America revenue is generated in the United States. The following table disaggregates the Company's revenue by geography which provides information as to the major source of revenue (in thousands):

Primary Geographic Markets	Three Months Ended March 31,	
	2023	2022
North America	\$ 82,067	\$ 74,980
International	26,201	25,395
Total	<u>\$ 108,268</u>	<u>\$ 100,375</u>

The following table presents the Company's revenues disaggregated by revenue source (in thousands):

	Three Months Ended March 31,	
	2023	2022
Subscription services	\$ 98,785	\$ 91,855
Professional services	5,929	6,541
Software licenses and other	3,554	1,979
Total	<u>\$ 108,268</u>	<u>\$ 100,375</u>

Contract Assets

The Company does not have material amounts of contract assets since revenue is recognized as control of goods is transferred or as services are performed. There are a small number of professional services that may occur over a period of time, but that period of time is generally very short in duration. Any contract assets that may arise are recorded in other assets on the condensed consolidated balance sheets net of an allowance for credit losses.

Contract Liabilities

The Company's contract liabilities consist of advance payments and deferred revenue. The Company's contract liabilities are reported in a net position on a contract-by-contract basis at the end of each reporting period. The Company classifies advance payments and deferred revenue as current or noncurrent based on the timing of when it expects to recognize revenue. Generally, all contract liabilities are expected to be recognized within one year and are included in deferred revenue on the condensed consolidated balance sheets. The noncurrent portion of deferred revenue is included and separately disclosed on the condensed consolidated balance sheets.

Deferred Costs

Current deferred costs, which primarily consist of deferred sales commissions, were \$17.0 million and \$16.2 million as of March 31, 2023 and December 31, 2022, respectively. Noncurrent deferred costs, which primarily consist of deferred sales commissions, were \$22.0 million and \$21.4 million as of March 31, 2023 and December 31, 2022, respectively. During the three months ended March 31, 2023 and 2022, amortization expense for the deferred costs was \$4.5 million and \$4.0 million, respectively. There was no impairment loss in relation to the costs capitalized for the three months ended March 31, 2023 and the year ended December 31, 2022, respectively.

Deferred Revenue

During the three months ended March 31, 2023 and 2022, \$90.6 million and \$83.7 million, respectively, of subscription services, license and other revenue was recognized and was included in the deferred revenue balances at the beginning of the respective period.

During the three months ended March 31, 2023 and 2022, \$2.6 million and \$4.0 million, respectively, of professional services revenue was recognized and was included in the deferred revenue balances at the beginning of the respective period.

Remaining Performance Obligations

As of March 31, 2023, approximately \$485.4 million of revenue is expected to be recognized from remaining performance obligations for subscription and other contracts. The Company expects to recognize revenue on approximately \$297.7 million of these remaining performance obligations over the next 12 months, with the balance recognized thereafter.

As of March 31, 2023, approximately \$10.3 million of revenue is expected to be recognized from remaining performance obligations for professional services contracts. The Company expects to recognize revenue on approximately \$9.7 million of these remaining performance obligations over the next 12 months, with the balance recognized thereafter.

(16) Leases

The Company's leases relate primarily to office facilities that expire on various dates from 2023 through 2031. The terms of the Company's non-cancelable operating lease arrangements typically contain fixed lease payment which increases over the term of the lease at fixed rates, rent holidays and provide for additional renewal periods. Lease expense is recognized over the term of the lease on a straight-line basis. All of the Company's leases are classified as operating leases. The Company has determined that periods covered by options to extend the Company's leases are excluded from the lease term as the Company is not reasonably certain the Company will exercise such options.

The Company records its right-of-use ("ROU") asset within other assets (long term) and its operating lease liabilities within other current and long-term liabilities.

Additional information related to the Company's leases is as follows (in thousands, except lease term and discount rate):

	As of March 31, 2023	As of December 31, 2022
Balance sheet information		
ROU assets	\$ 16,999	\$ 17,872
Lease liabilities, current	\$ 3,468	\$ 3,797
Lease liabilities, non-current	18,190	18,742
Total lease liabilities	\$ 21,658	\$ 22,539
Supplemental data		
Weighted average remaining lease term	6.55 years	6.57 years
Weighted average discount rate	5.76 %	5.68 %
	Three Months Ended March 31,	
	2023	2022
Cash paid for amounts included in lease liabilities	\$ 1,312	\$ 2,027
ROU assets obtained in exchange for new lease obligations	425	243

Maturities of lease liabilities as of March 31, 2023 were as follows (in thousands):

Year ending December 31,		
2023 (for the remaining nine months)	\$	3,529
2024		3,697
2025		3,411
2026		3,248
2027		3,022
Thereafter		8,291
Total undiscounted lease payments		25,198
Less: imputed interest		(3,540)
Total lease liabilities	\$	21,658

The following table presents components of lease expense (in thousands):

	Three Months Ended March 31,	
	2023	2022
Operating lease expense	\$ 1,333	\$ 1,608
Short-term lease expense ⁽¹⁾	169	182
	1,502	1,790
Less: Sublease income	(69)	(23)
Total lease expense	\$ 1,433	\$ 1,767

⁽¹⁾ Short-term lease expense includes all leases with lease terms ranging from less than one month to one year.

As of March 31, 2023, the Company does not have any leases that have not yet commenced that create significant rights and obligations.

(17) Commitments and Contingencies

Litigation

In April 2022, certain former shareholders of The Anvil Group (International) Limited, Anvil Worldwide Limited and The Anvil Group Limited (collectively, "Anvil") filed a claim in the United Kingdom Commercial Court against Everbridge Holdings Limited and Everbridge, Inc. The suit claims that these companies breached certain provisions of the acquisition documents relating to the issuance of Everbridge, Inc. stock, which formed part of the consideration payable for the stock in Anvil. The claimants are seeking damages for losses they purport to have suffered as a result of these alleged breaches.

In April 2022, a putative class action lawsuit was filed in the United States District Court for the Central District of California against the Company, Jaime Ellertson, Patrick Brickley, and David Meredith (the Company's former Chief Executive Officer) by Sylebra Capital Partners Master Fund Ltd, Sylebra Capital Parc Master Fund, and Sylebra Capital Menlo Master Fund (collectively, "Sylebra"). In September 2022, Sylebra filed an amended and restated complaint. The lawsuit alleges violations of the federal securities laws by the Company and certain of its officers and directors arising out of purported misrepresentations in the information the Company provided to investors regarding the Company's organic and inorganic revenue growth, and the status of integrating acquisitions, which allegedly artificially inflated the price of the Company's stock during the period from November 4, 2019 to February 24, 2022. The Company is not able to estimate the amount of the loss allegedly suffered by members of the putative class or the amount of legal costs and internal efforts associated with defending the Company and the Company's officers and directors. The Company believes that the allegations and claims made in this lawsuit are wholly without merit and intends to defend the action vigorously. In October 2022, the Company filed a motion to dismiss the lawsuit on various grounds, including failure to plead any actionable misstatement or omission, failure to establish scienter, and failure to meet the pleading requirements of the Private Securities Litigation Reform Act and other applicable law. Even if the Company were to prevail, this litigation could continue to be costly and time-consuming and divert the attention of the Company's management and key personnel from the Company's business operations. During the course of the litigation, the Company anticipates announcements of the results of hearings and motions, and other interim developments related to the litigation. If securities analysts or investors regard these announcements as negative, the market price of the Company's common stock may decline. If the Company is unsuccessful in defending itself in this litigation, this lawsuit could materially and adversely affect the Company's business, financial condition, results of operations and cash flows.

In June 2022, a purported shareholder derivative action was filed in the United States District Court for the Central District of California against certain current and former directors and officers of the Company, naming the Company as a nominal defendant. The suit claims that these individuals breached their fiduciary duties to the Company's shareholders and to the Company generally in connection with the same set of circumstances alleged in the class action lawsuit. The complaint is derivative in nature and does not seek relief from the Company. This action has been stayed pending the outcome of the motion to dismiss filed in the putative class action lawsuit brought by Sylebra.

From time to time the Company may become involved in other legal proceedings or be subject to claims arising in the ordinary course of business. Although the results of ordinary course litigation and claims cannot be predicted with certainty, the Company currently believes that the final outcome of these ordinary course matters will not have a material adverse effect on its business, financial condition, results of operations or cash flows. Regardless of the outcome, litigation can have an adverse impact because of defense and settlement costs, diversion of management resources and other factors.

Employee Contracts

The Company has entered into employment contracts with certain of the Company's executive officers which provide for at-will employment. However, under the provisions of the contracts, the Company would incur severance obligations of up to twelve months of the executive's annual base salary for certain events, such as involuntary terminations.

(18) Restructuring and Restructuring-Related Activities

In May 2022, the Board approved a program (the "2022 Strategic Realignment") to strategically realign the Company's resources in order to accelerate and grow the Company's investments in the Company's largest growth opportunities while streamlining the Company's operations. The 2022 Strategic Realignment program includes a targeted realignment and reduction of headcount, facilities and other third-party spend.

The 2022 Strategic Realignment program is in support of the 2022 strategic initiatives to simplify the Company's business and accelerate the integration of recent acquisitions, and will help to drive the financial outcomes of sustainable growth and improved profitability and cash flow and is expected to be substantially completed by the end of fiscal 2023.

In addition to restructuring costs, the Company will also incur costs that do not constitute restructuring under ASC 420, *Exit and Disposal Cost Obligations*, and which the Company instead refers to as business transformation costs. These costs consist primarily of expenditures directly related to the 2022 Strategic Realignment and include employee retention costs, professional fees and investments in automation and technology. The following table provides a summary of the Company's estimates of total pre-tax charges associated with the 2022 Strategic Realignment, by major type of cost, of which approximately \$29 million to \$31 million are expected to result in cash outlays (in millions):

	Total Estimated Amount Expected to be Incurred			
Restructuring charges:				
Workforce	\$	9	to	\$ 9
Facilities-related		5	to	6
Other		—	to	—
Business transformation charges		16	to	17
Total restructuring and business transformation charges	\$	30	to	\$ 32

The following table sets provides a summary of restructuring activities (in thousands):

	Workforce ⁽¹⁾	Facilities-related ⁽²⁾	Other	Total
Balance at January 1, 2023	\$ 1,294	\$ 36	\$ —	\$ 1,330
Charges	9	12	—	21
Charges settled in cash	(891)	(28)	—	(919)
Charges settled in non-cash	(1)	(7)	—	(8)
Balance at March 31, 2023	\$ 411	\$ 13	\$ —	\$ 424

⁽¹⁾ Balance at March 31, 2023 is recorded in accrued payroll and employee related liabilities on the condensed consolidated balance sheet.

⁽²⁾ Balance at March 31, 2023 is recorded in accrued expenses on the condensed consolidated balance sheet.

Since the inception of the 2022 Strategic Realignment program through March 31, 2023, the Company incurred approximately \$12.2 million of restructuring charges, of which \$7.8 million was for employee-related expenses, \$4.2 million was for facilities-related expenses and \$0.2 million for other expenses.

The following table presents restructuring and business transformation expenses by major type and line item within our accompanying condensed consolidated statement of operations (in thousands):

	Three Months Ended March 31, 2023
Restructuring charges	\$ 21
Business transformation charges:	
Cost of revenue	341
Sales and marketing	1,066
Research and development	646
General and administrative	331
Other income, net	(1)
Total business transformation charges	2,383
Total restructuring and business transformation charges	\$ 2,404

(19) Subsequent Event

On April 21, 2023, the Company reported that it was notified of the termination of its contract (the "Contract") with the Florida Division of Emergency Management ("FDEM") one year early, effective June 30, 2023.

On April 27, 2023, the Company and the FDEM entered into a Contract amendment that rescinds the termination and modifies the end date of the Contract to December 31, 2023. The amendment also adds an option for a six-month renewal of service to June 30, 2024, the original length of the Contract. The six-month value of the Contract amounts to \$1.75 million.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with (i) our condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and (ii) our audited consolidated financial statements and the related notes and management’s discussion and analysis of financial condition and results of operations for the fiscal year ended December 31, 2022 included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on February 24, 2023. This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These statements are often identified by the use of words such as “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “seek,” “should,” “target,” “will,” “would” or the negative or plural of these words or similar expressions or variations. Such forward-looking statements include, but are not limited to, statements with respect to our outlook; the impact of new accounting standards; our ability to service our debt; our business strategy, including with respect to potential acquisitions; plans and objectives of future operations; the potential impact of macroeconomic events such as the COVID-19 pandemic or the ongoing war in Ukraine; the success of the 2022 Strategic Realignment; expected expenses, cash charges and cost savings; and our future financial and business performance. The events described in these forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified herein, our ability to implement and achieve cost savings and the other operational and personnel changes described herein, and those discussed in the section titled “Risk Factors”, set forth in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022, Part II, Item 1A of this Quarterly Report on Form 10-Q and in our other SEC filings. You should not rely upon forward-looking statements as predictions of future events. Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Overview

Everbridge is a global software company that empowers resilience by leveraging intelligent automation technology to enable customers to anticipate, mitigate, respond to, and recover from critical events to keep people safe and organizations running. During public safety threats including severe weather conditions, active shooter situations, terrorist attacks or a pandemic, as well as critical business events such as IT outages, cyber-attacks, product recalls or supply-chain interruptions, global customers rely on our Critical Event Management platform to empower their resilience and to quickly and reliably aggregate and assess threat data, locate people at risk and responders able to assist, automate the execution of pre-defined communications processes through the secure delivery to a comprehensive range of different communication channels and devices, and track progress on executing response plans. Our customers use our platform to identify and assess hundreds of different types of threats to their organizations, people, assets or brand. Our solutions enable organizations to automate and deliver intelligent, contextual messages to, and receive verification of delivery from, hundreds of millions of recipients, across multiple communications modalities such as voice, SMS and e-mail, in several languages and dialects – all simultaneously. Our Critical Event Management platform is comprised of a comprehensive set of software applications packaged for organizations to address five core use cases, safeguarding: Business Operations, People Resilience, Digital Operations, Smart Security, and Public Safety. Our individual products address the full spectrum of tasks an organization requires to manage a critical event, including Mass Notification, Safety Connection, IT Alerting, Visual Command Center, Public Warning, Community Engagement, Risk Center, Crisis Management, CareConverge, Control Center, 911 Connect, Travel Risk Management, SnapComms and E911. Our applications leverage the Everbridge Critical Event Management platform, permitting customers to use a single contacts database, rules engine of algorithms and hierarchies, and user interface to accomplish multiple objectives. We believe that our broad suite of integrated applications delivered via a single global Critical Event Management (“CEM”) platform is a significant competitive advantage in the resilience market for CEM solutions.

Our customer base has grown from 867 customers at the end of 2011 to 6,500 customers as of March 31, 2023. We provide our applications to customers of varying sizes, including enterprises, small businesses, non-profit organizations, educational institutions and governmental agencies. Our customers span a wide variety of industries including technology, energy, financial services, healthcare and life sciences, manufacturing, media and entertainment, retail, higher education and professional services.

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

We generated revenue of \$108.3 million and \$100.4 million for the three months ended March 31, 2023 and 2022, respectively, representing a period-over-period increase of 8%. We had net losses of \$14.6 million and \$19.1 million for the three months ended March 31, 2023 and 2022, respectively. During 2022, we updated our geographic market presentation. Prior period information has been recast to conform to the current presentation. North America includes United States and Canada and International aggregates international revenues excluding Canada. As of March 31, 2023 and 2022, 18% and 18% of our customers, respectively, were located outside of North America. These customers generated 24% and 25% of our total revenue for the three months ended March 31, 2023 and 2022, respectively.

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

Recent Developments

Asset Sale

We entered into an agreement in the fourth quarter of fiscal 2022 to sell certain assets and completed the asset sale in March 2023 for total proceeds of \$4.8 million, subject to final working capital adjustments. In connection with the asset sale, we recorded a gain of \$0.3 million which is included in other income, net on the condensed consolidated statement of operations. See Note 8 in the notes to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Termination of Contract

On April 21, 2023, we reported that we were notified of the termination of our contract (the "Contract") with the Florida Division of Emergency Management ("FDEM") one year early, effective June 30, 2023.

On April 27, 2023, we entered into a Contract amendment with the FDEM that rescinds the termination and modifies the end date of the Contract to December 31, 2023. The amendment also adds an option for a six-month renewal of service to June 30, 2024, the original length of the Contract. The six-month value of the Contract amounts to \$1.75 million.

Other Business and Macroeconomic Conditions

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

Presentation of Financial Statements

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

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

Components of Results of Operations

Revenue

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

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

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

Cost of Revenue

Cost of revenue includes expenses related to the fulfillment of our subscription services, consisting primarily of employee-related expenses for data center operations and customer support, including salaries, bonuses, benefits and stock-based compensation expense. Cost of revenue also includes hosting costs, messaging costs and depreciation and amortization. As we add data center capacity and support personnel in advance of anticipated growth, our cost of revenue will increase and, if anticipated revenue growth does not occur, our gross profit will be adversely affected. After the 2022 Strategic Realignment (as defined below) is completed, we expect a reduction in operational costs.

Operating Expenses

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

Sales and Marketing

Sales and marketing expense primarily consists of employee-related expenses for sales, marketing and public relations employees, including salaries, bonuses, commissions, benefits and stock-based compensation expense. Sales and marketing expense also includes trade show, market research, advertising and other related external marketing expense as well as office and software related costs to support sales. We defer certain sales commissions related to acquiring new customers or services and amortize these expenses ratably over the period of benefit that we have determined to be four years. Sales commissions attributable to professional services are expensed within twelve months of selling the service to the customer. We plan to continue to expand our sales and marketing functions to grow our customer base and increase sales to existing customers. This growth will include adding sales personnel and expanding our marketing activities to continue to generate additional leads and build brand awareness. After the 2022 Strategic Realignment (as defined below) is completed, we expect a reduction in operational costs.

Research and Development

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

General and Administrative

General and administrative expense primarily consists of employee-related expenses for administrative, legal, finance and human resource personnel, including salaries, bonuses, benefits and stock-based compensation expense. General and administrative expense also includes professional fees, insurance premiums, corporate expenses, transaction-related costs, office-related expenses, facility costs, depreciation and amortization and software license costs. After the 2022 Strategic Realignment (as defined below) is completed, we expect a reduction in operational costs.

Restructuring

In May 2022, our board of directors (the "Board") approved a program (the "2022 Strategic Realignment") to strategically realign our resources in order to accelerate and grow our investments in our largest growth opportunities while streamlining our operations. This program is in support of the 2022 strategic initiatives to simplify our business and accelerate the integration of recent acquisitions, and will help to drive the financial outcomes of sustainable growth and improved profitability and cash flow. The 2022 Strategic Realignment program includes a targeted realignment and reduction of headcount, facilities and other third-party spend. See Note 18 in the notes to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Restructuring expense consists of 2022 Strategic Realignment program expenses related to headcount, facilities and other third-party spend.

Interest and Investment Income

Interest income consists of interest earned on our cash balances held at financial institutions. Investment income consist of interest earned on our short-term investments which consist of U.S. treasuries, U.S. government agency obligations and money market funds.

Interest Expense

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

Other income, net

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

Results of Operations

The following tables set forth our results of operations for the periods presented and as a percentage of our total revenue for those periods. The period-to-period comparison of our historical results is not necessarily indicative of the results that may be expected in the future (in thousands):

	Three Months Ended March 31,	
	2023	2022
Revenue	\$ 108,268	\$ 100,375
Cost of revenue ⁽¹⁾	31,981	31,857
Gross profit	76,287	68,518
Operating expenses:		
Sales and marketing ⁽¹⁾	42,188	41,816
Research and development ⁽¹⁾	25,004	23,559
General and administrative ⁽¹⁾	24,466	22,336
Restructuring	21	—
Total operating expenses	91,679	87,711
Operating loss	(15,392)	(19,193)
Other income (expense), net	1,586	(958)
Loss before income taxes	(13,806)	(20,151)
(Provision for) benefit from income taxes	(842)	1,078
Net loss	\$ (14,648)	\$ (19,073)

⁽¹⁾ Includes stock-based compensation expense and depreciation and amortization of acquired intangible assets as follows. During 2022, we updated the presentation of the allocation of stock-based compensation capitalized for software development. Interim periods within 2022 have been recast to conform to the current presentation (in thousands):

	Three Months Ended March 31,	
	2023	2022
Stock-based compensation expense		
Cost of revenue	\$ 1,655	\$ 829
Sales and marketing	4,747	1,344
Research and development	3,726	1,577
General and administrative	3,321	2,334
Total	\$ 13,449	\$ 6,084

	Three Months Ended March 31,	
	2023	2022
Depreciation and amortization expense		
Cost of revenue	\$ 6,248	\$ 6,094
Sales and marketing	380	224
Research and development	314	191
General and administrative	7,832	8,925
Total	\$ 14,774	\$ 15,434

The following table sets forth our condensed consolidated statements of operations as a percentage of revenue ⁽¹⁾:

	Three Months Ended March 31,	
	2023	2022
Revenue	100 %	100 %
Cost of revenue	30 %	32 %
Gross profit	70 %	68 %
Operating expenses:		
Sales and marketing	39 %	42 %
Research and development	23 %	23 %
General and administrative	23 %	22 %
Restructuring	0 %	0 %
Total operating expenses	85 %	87 %
Operating loss	(14) %	(19) %
Other income (expense), net	1 %	(1) %
Loss before income taxes	(13) %	(20) %
(Provision for) benefit from income taxes	(1) %	1 %
Net loss	(14) %	(19) %

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

Comparison of the Three Months Ended March 31, 2023 and 2022

Revenue

	Three Months Ended March 31,		Change	
	2023	2022	\$	%
(dollars in thousands)				
Revenue	\$ 108,268	\$ 100,375	\$ 7,893	7.9 %

Revenue increased by \$7.9 million for the three months ended March 31, 2023 compared to the same period in 2022. The increase was due to a \$7.9 million increase in sales of our solutions driven by expansion of our customer base from 6,224 customers as of March 31, 2022 to 6,500 customers as of March 31, 2023, including increased sales to larger organizations with greater numbers of contacts and locations.

Cost of Revenue

	Three Months Ended March 31,		Change	
	2023	2022	\$	%
(dollars in thousands)				
Cost of revenue	\$ 31,981	\$ 31,857	\$ 124	0.4 %
Gross margin %	70 %	68 %		

Cost of revenue increased by \$0.1 million for the three months ended March 31, 2023 compared to the same period in 2022. The increase was primarily due to a \$0.7 million increase in hosting, software and messaging costs and other costs and a \$0.2 million increase in depreciation and amortization expense attributed to our fixed assets, acquired intangibles and capitalized software. These amounts were offset by a \$0.5 million decrease in travel risk management, operational resiliency and occupational health solutions costs and a \$0.3 million decrease in employee-related costs, which includes stock-based compensation and employee-related costs related to the 2022 Strategic Realignment. After the 2022 Strategic Realignment is completed, we expect a reduction in operational costs. There were 402 and 511 employees as of March 31, 2023 and 2022, respectively.

Gross margin percentage increased due to revenue growth outpacing the increase in cost.

Operating Expenses

Sales and Marketing Expense

	Three Months Ended March 31,		Change	
	2023	2022	\$	%
(dollars in thousands)				
Sales and marketing	\$ 42,188	\$ 41,816	\$ 372	0.9 %
% of revenue	39 %	42 %		

Sales and marketing expense increased by \$0.4 million for the three months ended March 31, 2023 compared to the same period in 2022. The increase was primarily due to a \$1.2 million increase in employee-related costs, which includes stock-based compensation and employee-related costs related to the 2022 Strategic Realignment. After the 2022 Strategic Realignment is completed, we expect a reduction in operational costs. There were 548 and 663 employees as of March 31, 2023 and 2022, respectively. This amount was offset by a \$0.7 million decrease in advertising-related costs and trade show expenses and a \$0.1 million decrease in software expenses to support the sales team.

Research and Development Expense

(dollars in thousands)	Three Months Ended March 31,		Change	
	2023	2022	\$	%
Research and development	\$ 25,004	\$ 23,559	\$ 1,445	6.1 %
% of revenue	23 %	23 %		

Research and development expense increased by \$1.4 million for the three months ended March 31, 2023 compared to the same period in 2022. The increase was primarily due to a \$1.2 million increase in employee-related costs, which includes stock-based compensation and employee-related costs related to the 2022 Strategic Realignment. After the 2022 Strategic Realignment is completed, we expect a reduction in operational costs. There were 541 and 593 employees as of March 31, 2023 and 2022, respectively. The remaining increase was principally the result of a \$0.4 million increase in software-related costs partially offset by a \$0.1 million decrease in office-related expenses. A total of \$4.1 million of internally developed software costs during the three months ended March 31, 2022 and \$4.2 million of internally developed software costs during the three months ended March 31, 2023 were capitalized, resulting in a \$0.1 million offset to the increase during the three months ended March 31, 2023.

General and Administrative Expense

(dollars in thousands)	Three Months Ended March 31,		Change	
	2023	2022	\$	%
General and administrative	\$ 24,466	\$ 22,336	\$ 2,130	9.5 %
% of revenue	23 %	22 %		

General and administrative expense increased by \$2.1 million for the three months ended March 31, 2023 compared to the same period in 2022. The increase was primarily due to a \$1.5 million increase in employee-related costs, which includes stock-based compensation and employee-related costs related to the 2022 Strategic Realignment. After the 2022 Strategic Realignment is completed, we expect a reduction in operational costs. There were 194 and 214 employees as of March 31, 2023 and 2022, respectively. The remaining increase was principally the result of a \$1.4 million increase in allowance for credit losses and a \$0.3 million increase in professional services and office-related expenses to support the administrative team. These increases were partially offset by a \$1.1 million decrease in depreciation and amortization.

Other income (expense), net

(dollars in thousands)	Three Months Ended March 31,		Change	
	2023	2022	\$	%
Other income (expense), net	\$ 1,586	\$ (958)	\$ 2,544	265.6 %
% of revenue	1 %	(1) %		

Other income (expense), net increased by \$2.5 million for the three months ended March 31, 2023 compared to the same period in 2022 primarily due to a \$1.7 million increase in interest income, a \$0.5 million decrease in interest expense and \$0.3 million gain recognized in connection with an asset sale during the three months ended March 31, 2023.

Income Taxes

(dollars in thousands)	Three Months Ended March 31,		Change	
	2023	2022	\$	%
Benefit from (provision for) income taxes	\$ (842)	\$ 1,078	\$ (1,920)	(178.1) %
% of revenue	(1) %	1 %		

A portion of the losses incurred during the three months ended March 31, 2023 are expected to be realized in some jurisdictions during the year or recognized as a deferred tax asset as of December 31, 2023. Losses incurred for other operating jurisdictions required a valuation allowance. An income tax provision of \$0.8 million was recorded during the three months ended March 31, 2023 primarily generated by estimated cash taxes required in jurisdictions in which the estimated deferred tax assets for the year will require a valuation allowance. The change in income tax provision of \$1.9 million for the three months ended March 31, 2023 as compared to the same period in 2022 was primarily related to losses in foreign jurisdictions realized in the prior year.

Other Metrics

We regularly monitor a number of financial and operating metrics, including the following key metrics, to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans, and make strategic decisions.

- Adjusted EBITDA.** Adjusted EBITDA represents our net loss before interest and investment (income) expense, net, (benefit from) provision for income taxes, depreciation and amortization expense, stock-based compensation expense, costs related to the 2022 Strategic Realignment, change in fair value of contingent consideration, and loss on extinguishment of convertible notes, capped call modification and change in fair value. We do not consider these items to be indicative of our core operating performance. The items that are non-cash include depreciation and amortization expense, stock-based compensation expense, change in fair value of contingent consideration and loss on extinguishment of convertible notes, capped call modification and change in fair value. Adjusted EBITDA is a measure used by management to understand and evaluate our core operating performance and trends and to generate future operating plans, make strategic decisions regarding the allocation of capital and invest in initiatives that are focused on cultivating new markets for our solutions. In particular, the exclusion of certain expenses in calculating adjusted EBITDA facilitates comparisons of our operating performance on a period-to-period basis. Adjusted EBITDA is not a measure calculated in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). We believe that adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and the Board. Nevertheless, use of adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under GAAP. Some of these limitations are: (1) although depreciation and amortization are non-cash charges, the capitalized software that is amortized will need to be replaced in the future, and adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements; (2) adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs; (3) adjusted EBITDA does not reflect the potentially dilutive impact of equity-based compensation; (4) adjusted EBITDA does not reflect tax payments or receipts that may represent a reduction or increase in cash available to us; and (5) other companies, including companies in our industry, may calculate adjusted EBITDA or similarly titled measures differently, which reduces the usefulness of the metric as a comparative measure. Because of these and other limitations, you should consider adjusted EBITDA alongside our other GAAP-based financial performance measures, net loss and our other GAAP financial results. The following table presents a reconciliation of adjusted EBITDA to net loss, the most directly comparable GAAP measure, for each of the periods indicated (in thousands):

	Three Months Ended March 31,	
	2023	2022
Net loss	\$ (14,648)	\$ (19,073)
Interest and investment expense, net	(968)	1,238
Provision for (benefit from) income taxes	842	(1,078)
Depreciation and amortization	14,774	15,434
Stock-based compensation	13,449	6,084
2022 Strategic Realignment	2,404	—
Change in fair value of contingent consideration	—	(52)
Adjusted EBITDA	<u>\$ 15,853</u>	<u>\$ 2,553</u>

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

	Three Months Ended March 31,	
	2023	2022
Net cash provided by operating activities	\$ 20,575	\$ 7,702
Capital expenditures	(575)	(1,847)
Capitalized software development costs	(4,112)	(4,330)
Free cash flow	15,888	1,525
Cash payments for 2022 Strategic Realignment	4,121	—
Adjusted free cash flow	\$ 20,009	\$ 1,525

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

We believe that excluding the impact of amortization of acquired intangibles allows for more meaningful comparisons between operating results from period to period as the intangibles are valued at the time of acquisition and are amortized over a period of several years after the acquisition. We exclude stock-based compensation expense which can vary based on plan design, share price, share price volatility, and the expected lives of equity instruments granted. We believe that providing non-GAAP financial measures that exclude stock-based compensation expense allow for more meaningful comparisons between our operating results from period to period because stock-based compensation expense does not represent a cash expenditure. We believe that excluding costs related to the 2022 Strategic Realignment allows for more meaningful comparisons between operating results from period to period as this is a discrete event based on a unique set of business objectives and is incremental to the core activities that arise in the ordinary course of our business. We believe that excluding the change in fair value of contingent consideration allows for more meaningful comparisons between operating results from period to period as it is non-operating in nature. We believe that excluding the impact of accretion of interest on convertible senior notes allows for more meaningful comparisons between operating results from period to period as accretion of interest on convertible senior notes relates to interest cost for the time value of money and are non-operating in nature. We believe that excluding loss on extinguishment of convertible notes, capped call modification and change in fair value allows for more meaningful comparisons between operating results from period to period as losses on the extinguishment of convertible notes, capped call modifications and change in fair value are non-operating in nature. We do not engage in the repurchase of convertible notes on a regular basis or in the ordinary course of business. Accordingly, we believe that excluding these expenses provides investors and management with greater visibility of the underlying performance of our business operations, facilitates comparison of our results with other periods and may also facilitate comparison with the results of other companies in our industry.

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

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

	Three Months Ended March 31,	
	2023	2022
Gross profit	\$ 76,287	\$ 68,518
Amortization of acquired intangibles	2,385	3,151
Stock-based compensation	1,655	829
2022 Strategic Realignment	341	—
Non-GAAP gross profit	\$ 80,668	\$ 72,498

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

	Three Months Ended March 31,	
	2023	2022
Gross margin	70.5 %	68.3 %
Amortization of acquired intangibles margin	2.2 %	3.1 %
Stock-based compensation margin	1.5 %	0.8 %
2022 Strategic Realignment margin	0.3 %	0.0 %
Non-GAAP gross margin	74.5 %	72.2 %

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

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

	Three Months Ended March 31,	
	2023	2022
Net loss	\$ (14,648)	\$ (19,073)
Amortization of acquired intangibles	9,648	11,538
Stock-based compensation	13,449	6,084
2022 Strategic Realignment	2,404	—
Change in fair value of contingent consideration	—	(52)
Accretion of interest on convertible senior notes	715	1,158
Income tax adjustments	(737)	(250)
Non-GAAP net income (loss)	<u>\$ 10,831</u>	<u>\$ (595)</u>

Liquidity and Capital Resources

To date, we have financed our operations primarily through cash from sales to our customers, along with equity issuances and debt financing arrangements. Our principal source of liquidity is cash and cash equivalents totaling \$220.9 million as of March 31, 2023. We have generated significant losses since inception and expect to continue to generate losses for the foreseeable future.

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

We believe that our cash and cash equivalent balances and the cash flows generated by our operations will be sufficient to satisfy our anticipated cash needs for working capital and capital expenditures for at least the next 12 months. We believe we will meet longer-term expected future cash requirements and obligations. However, our belief may prove to be incorrect, and we could utilize our available financial resources sooner than we currently expect. Our future capital requirements and the adequacy of available funds will depend on many factors, including those set forth in the section of Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022 and Part II, Item 1A of this Quarterly Report on Form 10-Q. We cannot assure you that we will be able to raise additional capital on acceptable terms or at all. In addition, if we fail to meet our operating plan during the next 12 months, our liquidity could be adversely affected.

Material Cash Requirements and Contractual Obligations

We expect to use cash primarily for operating activities, such as expansion of our sales and marketing operations, research and development activities and other working capital needs, such as salaries, bonuses, and other personnel cost and data center hosting costs, as well as payments for acquisitions of businesses, interest payments on our convertible senior notes and payments related to the 2022 Strategic Realignment. We expect to continue to finance our operations primarily through cash from sales to our customers and may consider future equity issuances and debt financing arrangements. As of March 31, 2023, our commitments to settle contractual obligations include \$508.6 million principal amount of indebtedness under the 0% convertible senior notes due March 15, 2026 (the "2026 Notes") and 0.125% convertible senior notes due December 15, 2024 (the "2024 Notes") (see Note 9 of the notes to consolidated financial statements) and lease obligations of \$25.2 million (see Note 16 of the notes to condensed consolidated financial statements).

Cash Flows

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

	Three Months Ended March 31,	
	2023	2022
Cash, cash equivalents and restricted cash at beginning of period	\$ 201,594	\$ 492,758
Cash provided by operating activities	20,575	7,702
Cash used in investing activities	(398)	(6,224)
Cash provided by financing activities	1,924	1,129
Effects of exchange rates on cash, cash equivalents and restricted cash	63	(356)
Cash, cash equivalents and restricted cash at end of period	<u>\$ 223,758</u>	<u>\$ 495,009</u>

Sources of Funds

Our sources of funds include cash from sales to our customers, along with equity issuances and debt financing arrangements including our 2026 Notes and 2024 Notes.

Uses of Funds

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

Operating Activities

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

Operating activities generated \$20.6 million in cash in the three months ended March 31, 2023, primarily as a result of non-cash operating expenses of \$34.2 million and \$1.0 million in cash generated as a result of changes in operating assets and liabilities which was offset by our net loss of \$14.6 million. Included in the \$20.6 million cash provided by operating activities was \$4.1 million cash paid related to the 2022 Strategic Realignment. Specifically, we recognized non-cash charges aggregating to \$14.8 million for depreciation and amortization of intangible assets, capitalized software development costs and property and equipment, \$13.4 million for stock-based compensation, \$4.5 million for amortization of deferred commissions, \$1.6 million for provision for credit losses and \$0.7 million related to the accretion of interest on our convertible senior notes partially offset by \$0.5 million for deferred income taxes and \$0.4 million for gains on the disposal of assets. The net change in operating assets and liabilities of \$1.0 million reflected a \$12.0 million decrease in accounts receivable and a \$3.6 million increase in deferred revenue. These amounts were offset by a \$5.9 million increase in deferred cost, a \$2.5 million increase in prepaid expenses, a \$1.7 million decrease in accounts payable, a \$1.7 million decrease in accrued payroll and employee related liabilities, a \$1.4 million decrease in other liabilities, a \$0.8 million decrease in accrued expenses and a \$0.6 million increase in other assets.

Operating activities generated \$7.7 million in cash in the three months ended March 31, 2022, primarily as a result of non-cash operating expenses of \$20.2 million and \$6.5 million in cash provided as a result of changes in operating assets and liabilities which was offset by our net loss of \$19.1 million. Specifically, we recognized non-cash charges aggregating to \$15.4 million for depreciation and amortization of intangible assets, capitalized software development costs and property and equipment, \$6.1 million for stock-based compensation, \$4.0 million for amortization of deferred commissions, \$1.2 million related to the accretion of interest on our convertible senior notes, \$0.2 million for provision for credit losses, offset by \$6.6 million for deferred income taxes and \$0.1 million change in the fair value of our contingent consideration obligation. The net change in operating assets and liabilities of \$6.5 million reflected an \$11.4 million decrease in accounts receivable, an \$8.0 million increase in deferred revenue, a \$3.2 million increase in accrued expenses and a \$1.8 million decrease in other assets. These amounts were offset by a \$6.2 million increase in deferred cost, a \$6.1 million decrease in accounts payable, a \$2.4 million increase in prepaid expenses, a \$1.9 million decrease in accrued payroll and employee related liabilities and a \$1.3 million decrease in other liabilities.

Investing Activities

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

Investing activities used \$0.4 million in cash in the three months ended March 31, 2023, which consists of a \$4.1 million investment in software development, \$0.6 million in purchases of property and equipment offset by \$4.3 million cash received from the sale of assets.

Investing activities used \$6.2 million in cash in the three months ended March 31, 2022, which consists of a \$4.3 million investment in software development, a \$1.8 million in purchases of property and equipment and \$0.1 million in other investing activities.

Financing Activities

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

Financing activities provided \$1.9 million of cash in the three months ended March 31, 2023, which reflects \$2.5 million from the issuance of stock under our employee stock purchase plan and \$1.3 million from the exercise of stock options, partially offset by \$1.9 million payment for employee withholding taxes related to the issuance of restricted stock units and performance-based restricted stock units.

Financing activities provided \$1.1 million of cash in the three months ended March 31, 2022, which reflects \$1.7 million from the issuance of stock under our employee stock purchase plan offset by a \$0.6 million payment for employee withholding taxes related to the issuance of restricted stock units.

Critical Accounting Estimates

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

There have been no changes to our critical accounting estimates described in the Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on February 24, 2023, that have had a material impact on our condensed consolidated financial statements and related notes.

Recently Issued Accounting Pronouncements

See Note 2 to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for a summary of recently issued and adopted accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates and foreign exchange rates as well as, to a lesser extent, inflation.

Interest Rate Risk

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

Changes in interest rates may also impact gains or losses from the conversion of our outstanding convertible senior notes. In March 2021, we issued \$375 million in aggregate principal amount of our 2026 Notes. In December 2019, we issued \$450 million in aggregate principal amount of our 2024 Notes of which \$133.6 million remain outstanding as of March 31, 2023. The 2026 Notes and 2024 Notes are convertible under certain circumstances, including trading price conditions related to our common stock, and upon conversion, we will pay or deliver, as the case may be, cash, shares of our common stock, or a combination of cash and shares of our common stock, at our election. The 2026 Notes and 2024 Notes were not convertible as of March 31, 2023.

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

We had cash and cash equivalents of \$220.9 million as of March 31, 2023, which consisted of bank deposits and money market funds. To date, fluctuations in interest income have not been significant.

We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure.

Foreign Currency Exchange Risk

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

Inflation Risk

We do not believe that inflation has had a material effect on our business, financial condition or results of operations historically. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

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

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our principal executive officer and principal financial officer have concluded that as of such date, our disclosure controls and procedures were effective at a reasonable assurance level.

Changes in Internal Control

There were no changes in our internal control over financial reporting identified in management’s evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the period covered by this Quarterly Report on Form 10-Q that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

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

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

In April 2022, certain former shareholders of The Anvil Group (International) Limited, Anvil Worldwide Limited and The Anvil Group Limited (collectively, “Anvil”), which was acquired by Everbridge on November 4, 2021, filed a claim in the United Kingdom Commercial Court against Everbridge Holdings Limited and Everbridge, Inc. The suit claims that these companies breached certain provisions of the acquisition documents relating to the issuance of Everbridge, Inc. stock, which formed part of the consideration payable for the stock in Anvil. The claimants are seeking damages for losses they purport to have suffered as a result of these alleged breaches.

In April 2022, a putative class action lawsuit was filed in the United States District Court for the Central District of California against the Company, Jaime Ellertson, Patrick Brickley, and David Meredith (the Company’s former Chief Executive Officer) by Sylebra Capital Partners Master Fund Ltd, Sylebra Capital Parc Master Fund, and Sylebra Capital Menlo Master Fund (collectively, “Sylebra”). In September 2022, Sylebra filed an amended and restated complaint. The lawsuit alleges violations of the federal securities laws by us and certain of our officers and directors arising out of purported misrepresentations in the information we provided to investors regarding our organic and inorganic revenue growth and the status of integrating acquisitions, which allegedly artificially inflated the price of our stock during the period November 4, 2019 to February 24, 2022. We are not able to estimate the amount of the loss allegedly suffered by members of the putative class or the amount of legal costs and internal efforts associated with defending ourselves and our officers and directors. We believe that the allegations and claims made in this lawsuit are wholly without merit and intend to defend the action vigorously. In October 2022, we filed a motion to dismiss the lawsuit on various grounds, including failure to plead any actionable misstatement or omission, failure to establish scienter, and failure to meet the pleading requirements of the Private Securities Litigation Reform Act and other applicable law. Even if we were to prevail, this litigation could continue to be costly and time-consuming and divert the attention of our management and key personnel from our business operations. During the course of the litigation, we anticipate announcements of the results of hearings and motions, and other interim developments related to the litigation. If securities analysts or investors regard these announcements as negative, the market price of our common stock may decline. If we are unsuccessful in defending ourselves in this litigation, this lawsuit could materially and adversely affect our business, financial condition, results of operations, and cash flows.

In June 2022, a purported shareholder derivative action was filed in the United States District Court for the Central District of California against certain current and former directors and officers of the Company, naming the Company as a nominal defendant. The suit claims that these individuals breached their fiduciary duties to our shareholders and to us generally in connection with the same set of circumstances alleged in the class action lawsuit. The complaint is derivative in nature and does not seek relief from us. This action has been stayed pending the outcome of the motion to dismiss filed in the putative class action lawsuit brought by Sylebra.

From time to time, we may become involved in other legal proceedings or be subject to claims arising in the ordinary course of our business. Except for the claim described above, we are not presently a party to any legal proceedings that, if determined adversely to us, would individually or taken together have a material adverse effect on our business, financial condition, results of operations or cash flows. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 1A. Risk Factors.

We operate in a rapidly changing environment that involves a number of risks, which could materially affect our business, financial condition or future results, some of which are beyond our control. In addition to the other information set forth in this Quarterly Report on Form 10-Q, the risks and uncertainties that we believe are most important for you to consider are discussed in Part I-Item 1A under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the SEC on February 24, 2023. During the three months ended March 31, 2023, there were no material changes to the risk factors that were disclosed in our Annual Report on Form 10-K for the year ended December 31, 2022.

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

(a) Recent Sales of Unregistered Equity Securities

None

(b) Use of Proceeds

None

(c) Issuer Purchase of Equity Securities

None

Item 3. Defaults Upon Senior Securities.

None

Item 4. Mine Safety Disclosures.

Not applicable

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit No.	Exhibit Description	Filed Herewith	Incorporated by Reference			
			Form	File No.	Exhibit	Filing Date
3.1	Sixth Amended and Restated Certificate of Incorporation of Everbridge, Inc.		10-Q	001-37874	3.1	8/9/21
3.2	Second Amended and Restated Bylaws of Everbridge, Inc.		10-Q	001-37874	3.2	8/9/21
10.1+	Employment Agreement, dated as of December 16, 2022, by and between Everbridge, Inc. and Bryan Barney.	X				
10.2	First Amendment to Lease Agreement, dated as of April 10, 2023, by and between Everbridge, Inc. and SFIII Lake, LLC and SFIII FOS Lake, LLC.	X				
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X				
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X				
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X				
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X				
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	X				
101.SCH	Inline XBRL Taxonomy Extension Schema Document	X				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	X				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	X				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	X				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	X				
104	Cover Page Interactive Data File - the cover page interactive data is embedded within the Inline XBRL document or included within the Exhibit 101 attachments.	X				

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

+ Indicates management contract or compensatory plan.

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 thereunto duly authorized.

Everbridge, Inc.

Date: May 9, 2023

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

Date: May 9, 2023

By: /s/ Patrick Brickley
Patrick Brickley
Executive Vice President and Chief Financial Officer



December 16, 2022

Bryan Barney
Address
Address

Re: Terms of Employment

Dear Bryan:

This letter agreement (this “**Agreement**”) will set forth the terms of your “at-will” term employment relationship with Everbridge, Inc., and/or any present or future parent, subsidiary or affiliate thereof (collectively, the “**Company**”). This Agreement hereby supersedes any and all previous agreements relating to your employment relationship with the Company. The terms of your position with the Company are as set forth below and will be effective only upon, and subject to, the signing of this Agreement and any other agreements or documentation required hereunder, by you and the Company as of the Commencement Date referenced below. Your new role shall commence on December 30, 2022 (the “**Commencement Date**”), unless you and the Company mutually agree on an alternative date.

1. Employment.

(a) Title and Duties. Subject to the terms and conditions of this Agreement, the Company will employ you, and you will be employed by the Company, on an “at-will” basis, as EVP, Chief Product Officer and such additional or different position or positions as the Company may determine in its sole discretion. You shall do and perform all services, acts or things necessary or advisable to manage and conduct the business of the Company and which are normally associated with your position, including but not limited to those described in **Exhibit A** attached hereto.

(b) Full Time Best Efforts. For so long as you are employed hereunder, you will devote substantially all of your business time and energies to the business and affairs of the Company, and shall at all times faithfully, industriously and to the best of your ability, experience and talent, perform all of your duties and responsibilities hereunder. In furtherance of, and not in limitation of the foregoing, during the term of this Agreement, you further agree that you shall not render commercial or professional services of any nature, including as a founder, advisor, or a member of a board of directors, to any person or organization, whether or not for compensation, if such services would materially interfere with your duties under this Agreement, without the prior approval of the Chief Executive Officer in his sole discretion; provided, however, that nothing contained in this Section 1(b) will be deemed to prevent or limit your right to (i) manage your personal investments on your own personal time or (ii) participate in religious, charitable or civic organizations in any capacity on your own personal time. As set forth above, your employment with the Company is “at-will,” and, accordingly, either you or the Company may terminate your employment at any time, with or without cause, for any reason or no reason.

(c) Location. Unless the parties hereto otherwise agree in writing, during the term of this Agreement, you shall perform the services required to be performed pursuant to this Agreement from your remote home office in the United States. In addition, the Company expects that you will travel to other

domestic and international locations to meet with customers, prospects, and partners in connection with the Company's business.

2. Compensation. During the term of your employment with the Company, the Company will pay you the following compensation:

(a) Salary. As of the Commencement Date, you will be paid an annual salary of Four Hundred Thousand Dollars (\$400,000), as may be increased from time to time as part of the Company's normal salary review process (the "**Salary**"). The Salary shall be prorated for any partial year of employment on the basis of a 365-day year. Your Salary will be subject to standard payroll deductions and withholdings, and payable in accordance with the Company's standard payroll practice as it exists from time to time.

(b) Expenses. During the term of your employment, the Company shall reimburse you for all reasonable and documented expenses incurred by you in the performance of your duties, under this Agreement in accordance with Company policy.

(c) Annual Performance Bonus. Your annual cash incentive bonus/variable compensation target ("Variable Compensation"), contingent upon the successful performance of all job duties, responsibilities, and mutually agreed upon objectives in accordance with the Company's Management Incentive Plan, will be seventy-five percent of your annual salary (75%) ("**Target Bonus**"). Your annual Variable Compensation target for fiscal year 2022 and contingent upon the successful performance of all job duties, responsibilities, and mutually agreed upon objectives in accordance with the Company's Management Incentive Plan, will be pro-rated based on your start date. Your annual performance bonus plan goes into effect January 1, 2023.

(d) Restricted Stock Units and Performance Stock Units. Subject to the approval of the Board of Directors, you will be granted 100,000 RSUs and 100,000 PSUs. RSU grants vest over four years, with 25% vesting after year one and quarterly thereafter. PSU grants vest based on performance measures determined by the Board at the time of grant. Additional details will be provided upon Board approval. These grants are intended to be a material inducement for you to become an employee of the Company, and they will be subject to the terms of the equity incentive plan and form of agreement pursuant to which they are granted. It is expected that the RSUs will be granted within 60 days following your start date, and that the PSUs will be granted in the first quarter of 2023, in each case subject to your being an employee of the Company on the date of grant. If the Company undergoes a change-in-control during the first 12 months of your employment, the acceleration for your initial RSU grant will be limited to a total of 50% of such grant; except if your initial PSUs have been granted, in which case the acceleration for your initial RSU and PSU grants will be limited to a total of 25% of such grants. Thereafter, all equity will be governed by our standard change-in-control acceleration terms, which will be outlined in your employment agreement.

3. Employee Benefits. As an employee of the Company, you will be eligible to participate in such Company-sponsored benefits and programs as are made generally available to other employees of the Company. This includes paying for your portion of healthcare coverage and same 401(k) match as other Company employees. You will receive the same cell phone stipend as other Everbridge executives. In addition, you will be entitled to (i) annually accrue vacation and/or sick time in accordance with the Company's vacation policy as established by the Board and as in effect from time to time. The Company reserves the right to change or eliminate any benefit plans at any time, upon notice to you.

4. Separation Benefits. You shall be entitled to receive separation benefits upon termination of employment only as set forth in this Section 4; *provided, however*, that in the event you are entitled to any severance pay under a Company-sponsored severance pay plan, any such severance pay to which you are entitled under such severance pay plan shall reduce the amount of severance pay to which you are entitled

pursuant to this Section 4. Further, if the Company's Compensation Committee adopts a severance policy for similarly situated executives that is more advantageous than these terms, you will be eligible to receive those benefits, with your consent. In all cases, upon termination of employment you will receive payment for all salary and unused vacation accrued as of the date of your termination of employment, and your benefits will be continued under the Company's then existing benefit plans and policies in accordance with such plans and policies in effect on the date of termination and in accordance with applicable law. In furtherance of, and not in limitation of the foregoing, but without duplication, during the period wherein which you shall be receiving Separation Payments in accordance with the provisions of Section 4(d) hereof (the "**Severance Period**"), then the Company shall, at its election, either (i) continue to pay for your health benefits under the Company's sponsored health care program in which you were enrolled and eligible to receive benefits prior to your termination of employment, or (ii) pay for your health coverage under the Consolidated Omnibus Budget Reconciliation Act ("**COBRA**"), in each case, for the Severance Period, when such premiums are due and owing.

(a) Voluntary Resignation. If you voluntarily elect to terminate your employment with the Company (other than under the circumstances described in Section 4(c) below), you shall not be entitled to any separation benefits.

(b) Termination for Cause. If the Company or its successor terminates your employment for Cause (as defined below) then you shall not be entitled to receive any separation benefits.

(c) Termination for Death or Disability. If your employment with the Company is terminated by reason of death or disability, then, as a severance benefit, the Company shall continue to pay one-twelfth (1/12th) of your Salary for a period of three (3) months, in accordance with the Company's normal payroll schedule and policy in effect from time to time. For purposes of this section, "**Disability**" shall mean your inability to perform your duties under this Agreement because you have become permanently disabled within the meaning of any policy of disability income insurance covering employees of the Company then in force. In the event the Company has no policy of disability income insurance covering employees of the Company in force when you become disabled, the term "**Disability**" shall mean your inability to perform your duties under this Agreement by reason of any incapacity, physical or mental, which the Board, based upon medical advice or an opinion provided by a licensed physician acceptable to the Board, determines to have incapacitated you from satisfactorily performing all of your usual services for the Company for a period of at least ninety (90) days during any twelve (12) month period (whether or not consecutive) and is expected to continue to incapacitate you thereafter, not including any time during which you were on medical leave required by federal or state law. Based upon such medical advice or opinion, the determination of the Board shall be final and binding and the date such determination is made shall be the date of such Disability for purposes of this Agreement.

(d) Involuntary Termination. Subject to the provisions of Section 4 hereof, if your employment is terminated by the Company other than for Cause then, as a severance benefit, the Company shall continue to pay you an amount equal to one-twelfth (1/12th) of your Salary for six (6) months.

(e) Definition of "Cause". For purposes of this Agreement, "**Cause**" shall mean any of the following: (i) acts of moral turpitude, fraud or dishonesty that involve the assets of the Company, its customers, suppliers or affiliates; (ii) the conviction of, or a pleading of guilty or *nolo contendere* to, a felony other than involving a traffic related infraction; (iii) use of narcotics, liquor or illicit drugs in a manner that has had a detrimental effect on the performance of your duties; (iv) willfully and repeatedly neglecting your duties to the Company; (v) engaging in any conduct which, after an investigation by a neutral third party, is determined to be discriminatory or harassing toward other Company employees; or (vi) engaging in any conduct which breaches a material provision of this Agreement or the Inventions Agreement (as defined below).

(A)Cause shall only exist where the Company has provided you with written notice of the alleged problem or violation of this Agreement or the Inventions Agreement, and you shall have failed to cure such condition to the reasonable satisfaction of the Company within ten (10) business days. In making any determination that Cause exists, the Board shall act fairly and in good faith and shall give you an opportunity to appear and be heard at a meeting of the Board or any committee thereof and present evidence on your behalf. For any termination pursuant to (e)(i) or (e)(vi) of Section 4, the Company must have reasonable, specific evidence to establish that such conduct has occurred, or "Cause" shall not exist. For the avoidance of doubt, and notwithstanding anything herein contained to the contrary, in the event that (x) any of the conditions specified in Section (e)(i) through (e)(vi) of Section 4 shall have occurred, and (y) the Company has reasonable evidence to establish that such conduct has occurred, and (z) the occurrence of any such event shall not be capable of cure, then the Company shall not be required to provide you any notice and a cure period in respect thereof.

5. Mitigation. You shall not be required to mitigate the amount of any payment or benefits provided for in this Agreement by seeking other employment or otherwise. Further, the amount of any payment or benefits provided for in this Agreement shall not be reduced by any compensation earned by you as a result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by you to the Company or otherwise.

6. Conditions to Receipt of Severance or other Benefits Pursuant to this Agreement.

(a) Release of Claims Agreement. Notwithstanding anything herein contained to the contrary, the receipt of any severance or other benefits pursuant to Section 4(d) of this Agreement (the "**Separation Payments**") is subject to your signing and not revoking a separation agreement and release of claims, based on the Company's standard form release, of any and all claims you may have against the Company and its officers, employees, directors, parents and affiliates, in substantially the form attached hereto on Exhibit C (the "**Release**"), which must become effective and irrevocable no later than the sixtieth (60th) day following the termination of employment (the "Release Deadline"). If the Release does not become effective and irrevocable by the Release Deadline, you will forfeit any rights to Separation Payments or benefits under this Agreement. No Separation Payments and benefits under this Agreement will be paid or provided until the Release becomes effective and irrevocable, and any such Separation Payments and benefits otherwise payable between the date of your termination of employment and the date the Release becomes effective and irrevocable will be paid on the date the Release becomes effective and irrevocable.

(b) Continued Compliance with Agreements. Your receipt of any Separation Payments or other benefits pursuant to this Agreement will be subject to, and contingent upon, your not being in breach of this Agreement and / or the Inventions Agreement as of the date of your termination, and your continued compliance following the date of your termination with the terms of this Agreement, the Inventions Agreement and the Release, notwithstanding anything herein contained to the contrary.

7. Confidential and Proprietary Information.

(a) Confidential Information and Inventions Agreement. As a condition to the execution and effectiveness of this Agreement, you agree to abide by, the Company's Confidential Information and Inventions Agreement which you previously executed (the "**Inventions Agreement**"). In furtherance, and not in limitation of the provisions thereof, you agree, during the term hereof and thereafter, that you shall take all steps reasonably necessary to hold the Company's proprietary information in trust and confidence, will not use proprietary information in any manner or for any purpose except in connection with the performance of your services to the Company, and will not (other than in the performance of the services

to the Company as herein contemplated) disclose any such proprietary information to any third party without first obtaining the Company's express written consent on a case-by-case basis.

(b) Third Party Information. You understand that the Company has received, and will in the future receive, from third parties confidential or proprietary information ("**Third Party Information**") subject to a duty on the Company's part to maintain the confidentiality of such information and use it only for certain limited purposes. You agree to hold Third Party Information in confidence and not to disclose to anyone (other than the Company's personnel who need to know such information in connection with their work for the Company) or to use, except in connection with the performance of your services to the Company, Third Party Information unless expressly authorized in writing by an officer of the Company.

(c) Whistleblower Exception. Notwithstanding any provision of this Agreement to the contrary, including but not limited to this Section 7, you may report possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, and any agency Inspector General, or make other disclosures that are protected under the whistleblower provisions of federal law or regulation. You do not need the prior authorization from the Company to make any such reports or disclosures and you are not required to notify the Company that you have made such reports or disclosures.

8. Covenant Not to Compete. During the longer of (a) a period of two years beginning on the Commencement Date, or (b) the duration of your employment with the Company plus two years following the termination thereof, you shall not, directly or indirectly (whether as an employer, operator, agent, independent contractor, consultant, owner, director, officer, shareholder, investor, partner (general or limited), joint venturer or any other relationship or relationships similar to any of the foregoing), anywhere in the world, except as specifically provided in this Section 8 below:

(a) Restriction on Competitive Activities. Engage in any activities, perform any services or conduct, have an interest in or participate in any businesses that are competitive with any part of the business of the Company as currently conducted or as currently contemplated to be conducted (the "Business"), including without limitation, develop, create, license, sell, distribute or otherwise commercially exploit any product, service or methodology that has the same principal function or features as the Company's proprietary software products and related services that constitute the Business.

(b) No Solicitation of Customers. Solicit or divert away or attempt to solicit or divert away any customer of the Company in an effort to provide products or services to such customer which are competitive with the Business.

(c) Restrictions on Relationships Involving Competitive Activities. Be engaged by, employed by, consult with, own any capital stock of, or have any financial interest of any kind in, any individual, person or entity, which conducts a business that is competitive with any part of the Business. Notwithstanding the preceding sentence, you may own, for investment purposes only, up to 1% in the aggregate of the outstanding stock or other equity interest of any entity that is competitive with the Business.

(d) In the event that the Company undergoes a merger, acquisition or other business combination: (A) the restrictions of Section 8(a) would apply only to any product, service or methodology that has the same principal function or features as the Company's proprietary software products and related services that constitute the Business as of the date of such merger, acquisition or business combination; and (B) the restrictions of Section 8(c) would apply only to customers of the Company as of the date of such merger, acquisition or business combination.

9. Covenant Not to Solicit. During the longer of (a) a period of one year beginning on the Commencement Date, or (b) the duration of your employment with the Company plus one year following the termination thereof, you shall not, directly or indirectly (whether as an employer, operator, agent, independent contractor, consultant, owner, director, officer, shareholder, investor, partner (general or limited), joint venturer or any other relationship or relationships similar to any of the foregoing), anywhere in the world, except as specifically provided in this Section 9 below:

(a) Restrictions on Relationships Involving Solicitation. Cause, induce, solicit, recruit, hire or encourage or attempt to cause, induce, solicit, recruit, hire or encourage any person or entity that prior to the date hereof was an employee, subcontractor, contractor, agent, distributor, licensee, licensor or supplier of the Company to terminate, or otherwise change in any manner adverse to the Company or any of its affiliates, its relationship with the Company, or, hire or attempt to hire any person employed by the Company or any of its affiliates, provided that you may hire such employee if such employee's employment with the Company or any of its affiliates has been terminated involuntarily prior to date of hire by you.

10. Arbitration.

(a) Agreement to Arbitrate. Except as provided for any action arising out of any violation of the Inventions Agreement or as set forth in clause (b) below addressing excluded claims and remedies, you and the Company both agree that any disputes of any kind whatsoever arising out of or relating to the termination of your employment with the Company, including any breach of this Agreement, shall be subject to final and binding arbitration.

(b) Excluded Claims, Relief and Enforcement. You understand that this Agreement does not prohibit you from pursuing an administrative claim with a local, state, or federal administrative body such as the Department of Fair Employment and Housing, the Equal Employment Opportunity Commission, the National Labor Relations Board, or the Workers' Compensation Board, or the Department of Unemployment Assistance for unemployment benefits. This Agreement does not preclude the Company from pursuing court action regarding any claims arising out of any breach of the Inventions Agreement or other claims not otherwise resulting from, or arising out of, the termination of your employment with the Company. Nothing in this Agreement prohibits either party from seeking injunctive or declaratory relief from a court of competent jurisdiction. Either the Company or you may bring an action in court to compel arbitration under this Agreement and to enforce an arbitration award. Otherwise, with the exception of claims set forth in this clause or arising out of the Inventions Agreement, neither party shall initiate or prosecute any lawsuit or claim in anyway related to any arbitrable claim, including without limitation any claims as to the making, existence, validity, or enforceability of the agreement to arbitrate.

(c) Procedure. You agree that any arbitration will be administered by Judicial Arbitration & Mediation Services, Inc. ("JAMS"), pursuant to its employment arbitration rules and procedures (the "**JAMS Rules**"), which are available at www.jamsadr.com/rules-employment-arbitration. A neutral and impartial arbitrator shall have the power to decide any motions brought by any party to the arbitration, including motions for summary judgment and/or adjudication, motions to dismiss and demurrers, and motions related to discovery, prior to any arbitration hearing. You also agree that the arbitrator shall have the power to award any remedies available under applicable law. In the event that either party to this Agreement rejects a written offer to compromise from the other party, and fails to obtain a more favorable judgment or award, the arbitrator may award attorneys' fees and costs to the party that made the offer to compromise in an amount that the arbitrator deems appropriate, taking into consideration the attorneys' fees and costs (including expert fees) actually incurred and reasonably necessary to defend or prosecute the action. The arbitrator will not have the authority to disregard or refuse to enforce any lawful Company policy, and the arbitrator shall not order or require the Company to adopt a policy not otherwise required by law. You understand that the Company will

pay the costs and fees of the arbitration that you initiate, but only those fees over and above the costs you would have incurred had you filed a complaint in a court of law. You agree that the arbitrator shall prepare a written decision containing the essential findings and conclusions on which the award is based. You agree that any arbitration under this Agreement shall be conducted in Boston, Massachusetts.

(d) Exclusive and Final Remedy. Except as provided by the JAMS Rules and this Agreement, arbitration shall be the sole, exclusive and final remedy for any dispute between you and the Company. Accordingly, except as provided for by the JAMS Rules and this Agreement, neither you nor the Company will be permitted to pursue court action regarding claims that are subject to arbitration. Nothing in this Agreement or in this provision is intended to waive the provisional relief remedies available under the JAMS Rules.

(e) Prohibition of Group Actions. Claims must be brought in your individual capacity, not as a representative or class member in any purported class or representative proceeding. The arbitrator shall not consolidate claims of different employees into one proceeding, nor shall the arbitrator have the power to hear arbitration as a class action.

(f) Voluntary Nature of Agreement. You acknowledge and agree that you are executing this Agreement voluntarily and without any duress or undue influence by the Company or anyone else. You further acknowledge and agree that you have carefully read this Agreement and have asked any questions needed for you to understand the terms, consequences, and binding effect of this Agreement and fully understand it, including that ***you are waiving your right to a jury trial***. Finally, you acknowledge that you have been advised by the Company to seek the advice of an attorney of your choice before signing this Agreement and you agree that you have been provided such an opportunity.

11. General.

(a) Entire Agreement, Amendment and Waiver. This Agreement, together with the other agreements specifically referred to herein, embodies the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior oral or written agreements and understandings relating to the subject matter hereof, including but not limited to the offer letter between you and the Company dated November 4, 2022. The terms and provisions of this Agreement may be modified or amended only by written agreement executed by the parties hereto. The terms and provisions of this Agreement may be waived, or consent for the departure therefrom granted, only by written document executed by the party entitled to the benefits of such terms or provisions. Each such waiver or consent will be effective only in the specific instance and for the purpose for which it was given, and will not constitute a continuing waiver or consent.

(b) Notices. Any notice, request, instruction or other document required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified; (b) three (3) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (c) one (1) business day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the party to be notified at the following address of such party or at such other address as such party may designate by ten (10) days advance written notice to the other parties hereto in accordance with the provisions hereof:

If to the Company: Everbridge, Inc.

25 Corporate Drive
Burlington, MA 01803
Attention: Chief Executive Officer

with a copy to: Everbridge, Inc.

25 Corporate Drive
Burlington, MA 01803 Attention: General
Counsel

If to you:
Bryan Barney
Address
_____ Address

(c) Availability of Injunctive Relief. The parties hereto agree that, notwithstanding anything to the contrary herein contained, any party may petition a court for injunctive relief where either party alleges or claims a violation of this Agreement or the Inventions Agreement or any other agreement regarding trade secrets, confidential information, noncompetition, non-solicitation or assignment of inventions. In the event either party seeks injunctive relief, the prevailing party shall be entitled to recover reasonable costs and attorney's fees.

(d) Assignment. The Company may assign its rights and obligations hereunder to any person or entity that succeeds to all or substantially all of the Company's business or that aspect of the Company's business in which you are principally involved. You may not assign your rights and obligations under this Agreement without the prior written consent of the Company.

(e) Governing Law. This Agreement, and the rights and obligations of the parties hereunder, will be construed in accordance with and governed by the law of the Commonwealth of Massachusetts, without giving effect to the conflict of law principles thereof.

(f) Taxes. All payments to you under this Agreement shall be subject to all applicable federal, state and local withholding, payroll and other taxes.

(g) Severability. The finding by an arbitrator or a court of competent jurisdiction of the unenforceability, invalidity or illegality of any provision of this Agreement shall not render any other provision of this Agreement unenforceable, invalid or illegal. Such arbitrator or court shall have the authority to modify or replace the invalid or unenforceable term or provision with a valid and enforceable term or provision which most accurately represents the parties' intention with respect to the invalid or unenforceable term or provision. If moreover, any one or more of the provisions contained in this Agreement will for any reason be held to be excessively broad as to duration, geographic scope, activity or subject, it will be construed by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law as it will then appear.

(h) Interpretation; Construction. The headings set forth in this Agreement are for convenience of reference only and shall not be used in interpreting this Agreement. This Agreement has been drafted by legal counsel to the Company, but you have been encouraged to consult with, and have consulted with, your own independent counsel and tax advisors with respect to the terms of this Agreement. The parties acknowledge that each party and its counsel has reviewed and revised, or had an opportunity to review and revise, this Agreement, and the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

(i) Return of Company Property. Upon termination of this Agreement or earlier as requested by the Company, you shall deliver to the Company any and all equipment, and, at the election of

the Company, either deliver or destroy, and certify thereto, any and all drawings, notes, memoranda, specifications, devices, formulas and documents, together with all copies, extracts and summaries thereof, and any other material containing or disclosing any Third Party Information or Proprietary Information (as defined in the Inventions Agreement) of the Company.

(j) Survival. The provisions of Sections 4, 6, 7, 8, 9 and 10, and the provisions of the Inventions Agreement, shall survive termination of this Agreement.

(k) Representations and Warranties. By signing this Agreement, you represent and warrant that (i) you are not restricted or prohibited, contractually or otherwise, from entering into and performing each of the terms and covenants contained in this Agreement, and (ii) your execution and performance of this Agreement shall not violate or breach any other agreements between you and any other person or entity, and (iii) you have provided the Company with copies of any written agreements presently in effect between you and any current or former employer. You further represent and warrant that you will not, during the term hereof, enter into any oral or written agreement in conflict with any of the provisions of this Agreement, the agreements referenced herein and the Company's policies.

(l) Confirmation of Employment Status. Prior to your first day of employment with the Company, and as a condition to such employment, you shall provide the Company with documentation of your eligibility to work in the United States, as required by the Immigration and Reform and Control Act of 1986.

(m) Trade Secrets of Others. It is the understanding of both the Company and you that you shall not divulge to the Company and/or its subsidiaries any confidential information or trade secrets belonging to others, including your former employers, nor shall the Company seek to elicit from you any such information. Consistent with the foregoing, you shall not provide to the Company and/or its affiliates, and the Company and/or its affiliates shall not request, any documents or copies of documents containing such information.

(n) Telecopy Execution and Delivery. A facsimile, telecopy or other reproduction of this Agreement may be executed by one or more parties hereto and delivered by such party by facsimile or any similar electronic transmission device pursuant to which the signature of or on behalf of such party can be seen. Such execution and delivery shall be considered valid, binding and effective for all purposes. At the request of any party hereto, all parties hereto agree to execute and deliver an original of this Agreement as well as any facsimile, telecopy or other reproduction hereof.

(o) Counterparts. This Agreement may be executed in two counterparts, each of which shall be deemed an original, all of which together shall constitute one and the same instrument.

Very truly yours,
EVERBRIDGE, INC.

Date: Dec 19, 2022

Dec 19, 2022

Duties and Responsibilities

The Chief Product Officer will manage the evolution of EVBG's product portfolio, drive innovation and advance the organization's position as a leader in critical event management. This newly created role will design, implement and lead a product management organization and framework that will optimize our current product portfolio, grow adjacencies and rapidly develop and launch impactful new products and services.

The person will be an experienced product management leader with a background in managing a portfolio of products and an innovator with strong execution skills. This position requires an understanding of the industry and business acumen to include knowledge of marketing, research, product development, technology and finance.

Responsibilities:

Your primary responsibility will be the overall success of our product portfolio - defining, communicating, and executing its strategy to achieve our growth, margin and customer retention goals. As part of this broad purpose, you will:

- Drive business strategies that sustain our competitive advantage and expand our addressable market. Provide strategic leadership and direction to the organization to drive competitive advantage and enable significant growth.
 - Develop business cases in conjunction with internal and external stakeholders for product evolution by understanding customer needs, competition, addressable market dynamics, key partners, technical feasibility, and LOE.
 - Design, build and lead a product management organization and framework that will optimize our current product portfolio, grow adjacencies and rapidly develop and launch impactful new products and services.
 - Through collaboration across the organization, lead the product management life cycle from concept to launch of the product(s), monitoring ongoing performance and retiring products when necessary.
 - Incorporate best-in-class customer experience into our products
 - Engage with and develop a deep understanding of customers, prospects, partners and the competitive landscape, their strategic direction, pain points, desired integrations, and culture to develop a thoughtful and informed perspective of product and market opportunities, including competition and differentiation.
 - Collaborate effectively and frequently with engineering, marketing, sales and the market to scale the business.
 - Research and recommend strategic partnerships for product integration, delivery, and/or distribution, actively participating in exploratory and confirmatory partnership discussions/meetings.
 - Oversee product releases to ensure effective alignment between product and go-to-market teams (e.g. beta processes, handover to marketing, sales training and messaging, etc).
 - Collaborate closely with sales and marketing to develop and deliver sales training, sales collateral, product collateral, and other product assets.
-

- Attend industry and partner conferences, and speak about/demo EVBG to customers, prospects, and influencers both informally and on panels, webinars, podcasts and other outlets.
- Create product packaging and packing strategy based on customer, competition, partner, and market dynamics.

Required Experience, Knowledge and Skills:

- 5+ years of executive management experience
- 15+ years of experience leading product across multiple lines of business
- Computer Science or Engineering degree required, MBA a plus
- Change management: Understanding the stresses and risks inherent in significant organizational change and how to mobilize the organization behind the change objectives
- Sophisticated communication (written and verbal), negotiation, problem-solving, collaboration, and cross-functional coordination skills to effectively work with other functional leaders, customers, and stakeholders
- Experience with key evaluation metrics that drive prioritization and continued investment decisions within the product life cycle
- Track record of success in defining and taking new innovative products to market
- Demonstrated capacity to manage and optimize existing product portfolios
- Knowledge of the critical event management industry, its trends and technologies
- Ability to develop and articulate a vision for the future of critical event management globally

Equal Opportunity Employer/Protected Veterans/Individuals with Disabilities

The contractor will not discharge or in any other manner discriminate against employees or applicants because they have inquired about, discussed, or disclosed their own pay or the pay of another employee or applicant. However, employees who have access to the compensation information of other employees or applicants as a part of their essential job functions cannot disclose the pay of other employees or applicants to individuals who do not otherwise have access to compensation information, unless the disclosure is (a) in response to a formal complaint or charge, (b) in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or (c) consistent with the contractor's legal duty to furnish information.

Exhibit C

Form of Release Agreement

This Release Agreement (“**Release**” or “**Agreement**”) is made by and between _____ (“you”) and **Everbridge, Inc.** (the “**Company**”). A copy of this Release is an attachment to the Employment Agreement between the Company and you dated __, 20__(the “**Employment Agreement**”). Capitalized terms not defined in this Agreement carry the definition found in the Employment Agreement.

1.Separation Payments. In consideration for your execution, return and non-revocation of this Release on or after the date your employment is terminated (the “**Separation Date**”), the Company will provide you with the Separation Payments described in Section 4(d) of the Employment Agreement:

2.Compliance with Section 409A. The Separation Payments offered to you by the Company are payable in reliance on Treasury Regulation Section 1.409A-1(b)(9) and the short term deferral exemption in Treasury Regulation Section 1.409A-1(b)(4). For purposes of Code Section 409A, your right to receive any installment payments (whether pay in lieu of notice, Separation Payments, reimbursements or otherwise) shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment shall at all times be considered a separate and distinct payment. All payments and benefits are subject to applicable withholdings and deductions.

3.Release. In exchange for the Separation Payments and other consideration, to which you would not otherwise be entitled, and except as otherwise set forth in this Agreement, you, on behalf of yourself and, to the extent permitted by law, on behalf of your spouse, heirs, executors, administrators, assigns, insurers, attorneys and other persons or entities, acting or purporting to act on your behalf (collectively, the “Employee Parties”), hereby generally and completely release, acquit and forever discharge the Company, its parents and subsidiaries, and its and their officers, directors, managers, partners, agents, representatives, employees, attorneys, shareholders, predecessors, successors, assigns, insurers and affiliates (the “Company Parties”) of and from any and all claims, liabilities, demands, contentions, actions, causes of action, suits, costs, expenses, attorneys’ fees, damages, indemnities, debts, judgments, levies, executions and obligations of every kind and nature, in law, equity, or otherwise, both known and unknown, suspected and unsuspected, disclosed and undisclosed, arising out of or in any way related to agreements, events, acts or conduct at any time prior to and including the execution date of this Agreement, including but not limited to: all such claims and demands directly or indirectly arising out of or in any way connected with your employment with the Company or the termination of that employment; claims or demands related to salary, bonuses, commissions, stock, stock options, or any other ownership interests in the Company, vacation pay, fringe benefits, expense reimbursements, severance pay, or any other form of compensation; claims pursuant to any federal, state or local law, statute, or cause of action; tort law; or contract law (individually a “Claim” and collectively “Claims”). The Claims you are releasing and waiving in this Agreement include, but are not limited to, any and all Claims that any of the Company Parties:

- has violated its personnel policies, handbooks, contracts of employment, or covenants of good faith and fair dealing;
 - has discriminated against you on the basis of age, race, color, sex (including sexual harassment), national origin, ancestry, disability, religion, sexual orientation, marital status, parental status, source of income, entitlement to benefits, any union activities or other protected category in violation of any local, state or federal law, constitution, ordinance, or regulation, including but not limited to: the Age Discrimination in Employment Act, as amended (“**ADEA**”); Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991; 42 U.S.C. § 1981, as amended; the Equal Pay Act;
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the Americans With Disabilities Act; the Genetic Information Nondiscrimination Act; the Family and Medical Leave Act; the Massachusetts Wage Act and the Massachusetts Fair Employment Practice Act; the Employee Retirement Income Security Act; the Employee Polygraph Protection Act; the Worker Adjustment and Retraining Notification Act; the Older Workers Benefit Protection Act; the anti-retaliation provisions of the Sarbanes- Oxley Act, or any other federal or state law regarding whistleblower retaliation; the Lilly Ledbetter Fair Pay Act; the Uniformed Services Employment and Reemployment Rights Act; the Fair Credit Reporting Act; and the National Labor Relations Act; and

- has violated any statute, public policy or common law (including, but not limited to, Claims for retaliatory discharge; negligent hiring, retention or supervision; defamation; intentional or negligent infliction of emotional distress and/or mental anguish; intentional interference with contract; negligence; detrimental reliance; loss of consortium to you or any member of your family and/or promissory estoppel).

Notwithstanding the foregoing, other than events expressly contemplated by this Agreement you do not waive or release rights or Claims that may arise from events that occur after the date this Release is executed. Also excluded from this Agreement are any Claims which cannot be waived by law, including, without limitation, any rights you may have under applicable workers' compensation laws. Nothing in this Agreement shall prevent you from filing, cooperating with, or participating in any proceeding or investigation before the Equal Employment Opportunity Commission, United States Department of Labor, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal government agency, or similar state or local agency ("Government Agencies"), or exercising any rights pursuant to Section 7 of the National Labor Relations Act. You further understand this Agreement does not limit your ability to voluntarily communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. While this Agreement does not limit your right to receive an award for information provided to the Securities and Exchange Commission, you understand and agree that, you are otherwise waiving, to the fullest extent permitted by law, any and all rights you may have to individual relief based on any Claims that you have released and any rights you have waived by signing this Agreement. If any Claim is not subject to release, to the extent permitted by law, you waive any right or ability to be a class or collective action representative or to otherwise participate in any putative or certified class, collective or multi-party action or proceeding based on such a Claim in which any of the Company Parties is a party. This Agreement does not abrogate your existing rights under any Company benefit plan or any plan or agreement related to equity ownership in the Company; however, it does waive, release and forever discharge Claims existing as of the date you execute this Agreement pursuant to any such plan or agreement.

4. Your Acknowledgments and Affirmations. You also acknowledge and agree that (i) the consideration given to you in exchange for the waiver and release in this Agreement is in addition to anything of value to which you were already entitled, and (ii) that you have been paid for all time worked, have received all the leave, leaves of absence and leave benefits and protections for which you are eligible, and have not suffered any on-the-job injury for which you have not already filed a Claim. You affirm that all of the decisions of the Company Parties regarding your pay and benefits through the date of your execution of this Agreement were not discriminatory based on age, disability, race, color, sex, religion, national origin or any other classification protected by law. You affirm that you have not filed or caused to be filed, and are not presently a party to, a Claim against any of the Company Parties. You further affirm that you have no known workplace injuries or occupational diseases. You acknowledge and affirm that you have not been retaliated against for reporting any allegation of corporate fraud or other wrongdoing by any of the Company Parties, or for exercising any rights protected by law, including any rights protected by the Fair Labor Standards Act, the Family Medical Leave Act or any related statute or local leave or disability accommodation laws, or any applicable state workers' compensation law.

In addition, you acknowledge that you are knowingly and voluntarily waiving and releasing any rights you may have under the ADEA (“ADEA Waiver”). You also acknowledge that the consideration given for the ADEA Waiver is in addition to anything of value to which you were already entitled. You further acknowledge that you have been advised by this writing, as required by the ADEA, that: (a) your release and waiver herein does not apply to any rights or claims that arise after the date you sign this Agreement; (b) you should consult with an attorney prior to signing this Agreement; (c) you have twenty-one (21) days to consider this Agreement (although you may choose to voluntarily sign it sooner); (d) you have seven (7) days following the date you sign this Agreement to revoke it (by sending written revocation directly to the Company’s [title]); and (e) the Agreement will not be effective until the date upon which the revocation period has expired unexercised, which will be the eighth day after you sign this Agreement.

5. Return of Company Property. By the Separation Date, you agree to return to the Company all Company documents (and all copies thereof) and other Company property that you have had in your possession at any time, including, but not limited to, Company files, notes, drawings, records, business plans and forecasts, financial information, specifications, computer-recorded information, tangible property (including, but not limited to, computers), credit cards, entry cards, identification badges and keys; and, any materials of any kind that contain or embody any proprietary or confidential information of the Company (and all reproductions thereof). Please coordinate return of Company property with [name/title]. **Receipt of the Separation Payments described in Section 1 of this Agreement is expressly conditioned upon return of all Company property.**

6. Confidential Information, Non-Competition and Non-Solicitation Obligations. Both during and after your employment you acknowledge your continuing obligations under your Confidential Information and Inventions Agreement not to use or disclose any confidential or proprietary information of the Company and comply with your post-employment non-competition and non-solicitation restrictions. The Company acknowledges that you will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, in the event that you file a lawsuit for retaliation by the Company for reporting a suspected violation of law, you may disclose the trade secret to your attorney and use the trade secret information in the court proceeding, if you: (A) file any document containing the trade secret under seal; and (B) do not disclose the trade secret, except pursuant to court order.

7. Confidentiality. The provisions of this Agreement will be held in strictest confidence by you and will not be publicized or disclosed in any manner whatsoever; provided, however, that: (a) you may disclose this Agreement to your immediate family; (b) you may disclose this Agreement in confidence to your attorney, accountant, auditor, tax preparer, and financial advisor; and (c) you may disclose this Agreement insofar as such disclosure may be required by law. Notwithstanding the foregoing, nothing in this Agreement shall limit your right to discuss your employment with the Equal Employment Opportunity Commission, United States Department of Labor, the National Labor Relations Board, other federal government agency or similar state or local agency or to discuss the terms and conditions of your employment with others to the extent expressly permitted by Section 7 of the National Labor Relations Act.

8. Non-Disparagement. You agree not to disparage the Company, and the Company’s attorneys, directors, managers, partners, employees, agents and affiliates, in any manner likely to be harmful to them or their business, business reputation or personal reputation; provided that you will respond accurately and fully to any question, inquiry or request for information when required by legal process. Notwithstanding the foregoing, nothing in this Agreement shall limit your right to voluntarily communicate with the Equal Employment Opportunity Commission, United States Department of Labor, the National Labor Relations

Board, other federal government agency or similar state or local agency or to discuss the terms and conditions of your employment with others to the extent expressly permitted by Section 7 of the National Labor Relations Act.

9.No Admission. This Agreement does not constitute an admission by the Company of any wrongful action or violation of any federal, state, or local statute, or common law rights, including those relating to the provisions of any law or statute concerning employment actions, or of any other possible or claimed violation of law or rights.

10.Breach. You agree that upon any breach of this Agreement you will forfeit all amounts paid or owing to you under this Agreement. Further, you acknowledge that it may be impossible to assess the damages caused by your violation of the terms of Sections 5, 6, 7 and 8 of this Agreement and further agree that any threatened or actual violation or breach of those Sections of this Agreement will constitute immediate and irreparable injury to the Company. You therefore agree that any such breach of this Agreement is a material breach of this Agreement, and, in addition to any and all other damages and remedies available to the Company upon your breach of this Agreement, the Company shall be entitled to an injunction to prevent you from violating or breaching this Agreement. You agree that if the Company is successful in whole or part in any legal or equitable action against you under this Agreement, you agree to pay all of the costs, including reasonable attorneys’ fees, incurred by the Company in enforcing the terms of this Agreement.

11.Miscellaneous. This Agreement constitutes the complete, final and exclusive embodiment of the entire agreement between you and the Company with regard to this subject matter. It is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein, and it supersedes any other such promises, warranties or representations. This Agreement may not be modified or amended except in a writing signed by both you and a duly authorized officer of the Company. This Agreement will bind the heirs, personal representatives, successors and assigns of both you and the Company, and inure to the benefit of both you and the Company, their heirs, successors and assigns. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination will not affect any other provision of this Agreement and the provision in question will be modified by the court so as to be rendered enforceable. This Agreement will be deemed to have been entered into and will be construed and enforced in accordance with the laws of the Commonwealth of Massachusetts as applied to contracts made and to be performed entirely within Massachusetts.

EVERBRIDGE, INC.

By: _____
[insert]

[insert]

FIRST AMENDMENT TO LEASE AGREEMENT

This FIRST AMENDMENT TO LEASE AGREEMENT (“**Amendment**”), dated for reference purposes only as of the 10 day of April, 2023 (the “**Effective Date**”), is entered into by and between SFIII LAKE, LLC, a Delaware limited liability company, and SFIII FOS LAKE, LLC, a Delaware limited liability company (collectively, “**Landlord**”), and EVERBRIDGE, INC., a Delaware corporation (“**Tenant**”).

RECITALS:

A.Landlord, as successor-in-interest to PR 155 North Lake, LLC, and Tenant are parties to that certain Lease Agreement dated April 26, 2018 (the “**Lease**”). Pursuant to the Lease, Tenant currently leases from Landlord that certain space commonly known as Suite 900, consisting of approximately 19,634 rentable square feet (the “**Original Premises**”) within that certain building located at 155 North Lake Avenue, Pasadena, California (the “**Building**”), as more particularly described in the Lease.

B.The Term of the Lease is scheduled to expire by its terms on December 31, 2023, and Landlord and Tenant desire to extend the Term.

C.Landlord and Tenant also desire to relocate Tenant from the Original Premises to that certain premises commonly known as Suite 400, consisting of approximately 7,109 rentable square feet (the “**New Premises**”), within the Building, as depicted on Exhibit A attached hereto.

D.Landlord and Tenant desire to enter into this Amendment in order to extend the Term of the Lease, relocate Tenant from the Original Premises to the New Premises, and further amend the Lease upon the terms and conditions as hereinafter set forth.

E.Capitalized terms which are used in this Amendment without definition have the meanings given to them in the Lease.

A G R E E M E N T:

NOW, THEREFORE, in consideration of the foregoing Recitals, the mutual covenants and agreements contained in this Amendment and other good and valuable consideration, the receipt and sufficiency of such are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1.New Premises. Tenant hereby agrees to lease from Landlord, and Landlord hereby agrees to lease to Tenant, the New Premises on the terms and conditions hereinafter set forth. As of the New Term Commencement Date (as defined below), Exhibit A attached hereto showing the New Premises is hereby incorporated into and made a part of the Lease, and all references in the Lease to the defined term “Premises” shall mean and refer to the New Premises. Tenant’s use and occupancy of the New Premises shall be in accordance with all of the terms and conditions of the Lease as amended hereby (“**Amended Lease**”).

2.New Term. The Term of the Lease as to the New Premises (“**New Term**”) shall commence retroactively on February 1, 2023 (the “**New Term Commencement Date**”), continue for ninety-six (96) months, and shall expire on January 31, 2031, notwithstanding that Landlord may not have delivered possession of the New Premises by the New Term Commencement Date. In no event shall the New Term operate to release Tenant from liability for any amounts owed or defaults that exist under the Amended Lease for the Original Premises prior to the New Term Commencement Date. Landlord shall not be obligated to deliver the New Premises until Landlord has received from Tenant copies of Tenant’s insurance certificates as required under the Lease with respect to the New Premises; provided, however, if Landlord’s

delivery of the New Premises is delayed as a result of Tenant's failure to provide said insurance certificates, the New Term Commencement Date shall remain unchanged to extent delayed by such failure.

3. Vacation of Original Premises.

(a) Tenant shall vacate and discontinue use of that certain portion of the Original Premises identified in Exhibit A as the "**Initial Surrender Premises**" by no later than 11:59 p.m. on the date that is five (5) days following the Effective Date (the "**Vacation Date**"). If Tenant properly vacates and discontinues use of the Initial Surrender Premises on or before the Vacation Date, Tenant's obligation to pay Monthly Base Rent and other charges for the Initial Surrender Premises shall cease as of the New Term Commencement Date, otherwise Tenant shall continue to pay Monthly Base Rent for the Initial Surrender Premises until Tenant actually vacates and discontinues use of the Initial Surrender Premises in accordance with the terms of the Amended Lease. Upon the Vacation Date, all rights of Tenant to possession and occupancy of the Initial Surrender Premises and Tenant's obligations with respect to the Initial Surrender Premises will terminate except as to Tenant's surviving obligations under the Amended Lease, and all of Tenant's rights and obligations under the Amended Lease shall relate solely to the New Premises and the Remainder Surrender Premises; provided, however, if Tenant fails to vacate and discontinue use of the Initial Surrender Premises on or before the Vacation Date, Tenant shall be deemed in holdover of the Initial Surrender Premises subject to the holdover provisions in the Lease, and such holding over shall not operate to release Tenant from its obligations with respect to the New Premises. In addition, if Tenant accesses and occupies the Initial Surrender Premises at any time during the New Term, then Tenant shall be required to resume paying Monthly Base Rent for the Initial Surrender Premises at the same rate payable by Tenant for the Remainder Surrender Premises and Tenant's Building Percentage shall be increased to include the Initial Surrender Premises.

(b) Tenant shall have the right to possess and occupy that certain portion of the Original Premises identified in Exhibit A as the "**Remainder Surrender Premises**," consisting of approximately 7,109 rentable square feet, from the New Term Commencement Date through the Surrender Date (the "**Interim Term**") in accordance with the terms and conditions of the Lease. Tenant shall surrender the entire Original Premises to Landlord in the condition required pursuant to this Section 3 no later than 11:59 p.m. on or before the date that is five (5) business days following the date of substantial completion of the Tenant Improvements in the New Premises (the "**Surrender Date**"). If Tenant properly surrenders the Original Premises on or before the Surrender Date, Tenant's obligation to pay Monthly Base Rent and other charges for the Original Premises shall cease as of the New Term Commencement Date, otherwise Tenant shall continue to pay Monthly Base Rent for the Original Premises until Tenant actually surrenders the Original Premises in accordance with the terms of the Amended Lease. Tenant agrees to surrender possession of the Original Premises to Landlord on the Surrender Date, broom clean and in good order, condition and repair, ordinary wear and tear excepted, and otherwise in compliance with the terms of the Amended Lease regarding surrender. Upon such surrender, all rights of Tenant to possession and occupancy of the Original Premises and Tenant's obligations with respect to the Original Premises will terminate except as to Tenant's surviving obligations under the Amended Lease, and all of Tenant's rights and obligations under the Amended Lease shall relate solely to the New Premises; provided, however, if Tenant fails to surrender the Original Premises on or before the Surrender Date, Tenant shall be deemed in holdover of the Original Premises subject to the holdover provisions in the Lease, and such holding over shall not operate to release Tenant from its obligations with respect to the New Premises.

4. Monthly Base Rent. Effective retroactively as of the New Term Commencement Date and continuing for the duration of the New Term, Tenant shall pay Monthly Base Rent for the New Premises to Landlord in accordance with the following schedule:

<u>Lease Months</u>	<u>Monthly Base Rent</u>
2/1/2023 – 1/31/2024	\$26,658.75
2/1/2024 – 1/31/2025	\$27,458.51
2/1/2025 – 1/31/2026	\$28,282.27
2/1/2026 – 1/31/2027	\$29,130.74
2/1/2027 – 1/31/2028	\$30,004.66
2/1/2028 – 1/31/2029	\$30,904.80
2/1/2029 – 1/31/2030	\$31,831.94
2/1/2030 – 1/31/2031	\$32,786.90

5. Tenant's Building Percentage; Operating Expenses; Base Year. Commencing retroactively on the New Term Commencement Date, and continuing through the New Term, Tenant's Building Percentage shall be 3.35%, based on the New Premises consisting of approximately 7,109 rentable square feet and the Building consisting of approximately 211,972 rentable square feet. The Base Year, as set forth in the Basic Lease Information in the Lease, shall be amended, as of the New Term Commencement Date, to be the calendar year 2023.

6. Operating Expense Gross Up. The first sentence of Section 5.6 of the Lease is deleted in its entirety and replaced with the following:

If the occupancy of the Building during any part of any Lease Year is less than one hundred percent (100%), Landlord shall make an appropriate adjustment of the variable components of Operating Expenses for that Lease Year, as reasonable determined by Landlord using sound accounting and management principles, to determine the amount of Operating Expenses that would have been incurred had the Building been one hundred percent (100%) occupied.

7. Tenant Improvements. Landlord, using Building standard materials, methods, finishes and specifications, shall install in the New Premises the Tenant Improvements, as described in the Work Letter attached hereto as Exhibit B (the "**Work Letter**"). Landlord hereby grants to Tenant an allowance of up to \$75.00 per rentable square foot of the New Premises (i.e., \$533,175.00 based on the New Premises consisting of 7,109 rentable square feet) (the "**Allowance**"), to be applied as provided in the Work Letter. In addition, upon substantial completion of the Tenant Improvements, any unused amount of the Allowance, not to exceed \$248,815.00, may be applied against Monthly Base Rent next coming due under the Lease. Notwithstanding anything contained herein or the Work Letter to the contrary, Landlord, at Landlord's sole cost and expense, without application of the Allowance, shall be responsible for the (i) installation of any demising walls; and (ii) segregation of HVAC and electrical systems to service the New Premises.

8. Condition of Original Premises. Tenant acknowledges that it is presently in possession of the Original Premises and is fully aware of the condition of the Original Premises. Tenant acknowledges that Landlord shall not be obligated to refurbish or improve the Original Premises in any manner whatsoever or to otherwise provide funds for the improvement of the Original Premises in conjunction with this Amendment, and Tenant hereby accepts the Original Premises "AS-IS". Tenant further acknowledges that except as expressly provided in the Lease and this Amendment, neither Landlord nor any agent of Landlord has made any representation or warranty regarding the condition of the Original Premises, the improvements, refurbishments, or alterations therein, or the Building with respect to the functionality thereof or the suitability of any of the foregoing for the conduct of Tenant's business and that all representations and warranties of Landlord, if any, are as set forth in the Lease and this Amendment.

9. Condition of New Premises. Tenant acknowledges that, except as expressly provided in this Amendment, Landlord shall not be obligated to refurbish or improve the New Premises in any manner

whatsoever or to otherwise provide funds for the improvement of the New Premises, and Tenant hereby accepts the New Premises "AS-IS". Tenant further acknowledges that except as expressly provided in this Amendment, neither Landlord nor any agent of Landlord has made any representation or warranty regarding the condition of any of the New Premises, the improvements, refurbishments, or alterations therein, or the Building with respect to the functionality thereof or the suitability of any of the foregoing for the conduct of Tenant's business, and that all representations and warranties of Landlord, if any, are as set forth in this Amendment.

10.Accessibility. Pursuant to Section 1938 of the California Civil Code, Landlord hereby advises Tenant that as of the date of this Amendment neither the Original Premises, the New Premises, nor the Building have undergone inspection by a Certified Access Specialist. Further, pursuant to Section 1938 of the California Civil Code, Landlord notifies Tenant of the following: "A Certified Access Specialist (CASP) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises." Therefore and notwithstanding anything to the contrary contained in the Amended Lease, Landlord and Tenant agree that (a) Tenant may, at its option and at its sole cost, cause a CASp to inspect the New Premises and determine whether the New Premises complies with all of the applicable construction-related accessibility standards under California law, (b) the parties shall mutually coordinate and reasonably approve of the timing of any such CASp inspection so that Landlord may, at its option, have a representative present during such inspection, and (c) Tenant shall be solely responsible for the cost of any repairs necessary to correct violations of construction-related accessibility standards within the Original Premises, the New Premises, or the Building identified by any such CASp inspection, any and all such alterations and repairs within the New Premises to be performed by Tenant in accordance with Article 15 of the Lease and if any alterations and repairs to other portions of the Building are required as a result of Tenant's CASp inspection then Tenant shall reimburse Landlord upon demand, as Additional Rent, for the cost to Landlord of performing such alterations and repairs; provided, however, unless such repair or alterations relate solely to other alterations to the New Premises which Tenant is obligated to, or elects to, remove upon the expiration or earlier termination of the Term (in which case Tenant shall simultaneously also remove any CASp identified alterations and repairs), Tenant shall have no obligation to remove any repairs or alterations made pursuant to a CASp inspection under this Section.

11.Extension Option. Tenant shall continue to have one (1) option to extend the New Term for one (1) additional period of five (5) years, on the same terms, covenants and conditions as provided for in the Lease, except for the Monthly Base Rent, which shall initially be equal to the "**Fair Market Rental Value**" for the Premises for the option term as defined and determined in accordance with the provisions of Article 51 of the Lease; provided, however, the Extension Option must be exercised, if at all, by written notice ("**Extension Notice**") delivered by Tenant to Landlord no sooner than that date which is twelve (12) months and no later than that date which is nine (9) months prior to the expiration of the New Term. The Extension Option shall, at Landlord's sole option, not be deemed to be properly exercised if, at the time the Extension Option is exercised or on the scheduled commencement date for the Option Term, Tenant has (a) committed an uncured event of default whose cure period has expired pursuant to Section 22 of the Lease (or if Tenant would be in default but for the passage of time, the giving of notice or both), (b) except for an assignment to an Affiliate, assigned the Lease or its interest therein, or (c) except for a sublease to an Affiliate, sublet all or any portion of the New Premises' total rentable square feet of the Premises. Provided Tenant has properly and timely exercised the Extension Option, the New Term of the Lease shall

be extended by the Option Term, and all terms, covenants and conditions of the Lease shall remain unmodified and in full force and effect, except that the Monthly Base Rent shall be as set forth above, and except that there shall be no remaining Extension Options. Landlord and Tenant hereby acknowledge and agree that, except as provided in this Section 11, any and all provisions of the Lease providing for an extension or renewal of the Term of the Lease, are hereby deleted in their entirety and Tenant has no further options to extend the New Term.

12.Right to Relocate. Article 24 of the Lease is hereby deleted in its entirety and replaced with “Intentionally Omitted”.

13.Reduction of Security Deposit. Upon Tenant’s execution of this Amendment, Landlord shall apply \$34,586.21 worth of Security Deposit, which is currently held by Landlord pursuant to Section 4.3 of the Lease in the amount of \$67,373.11 for the Original Premises, as a credit against the Monthly Base Rent next coming due under the Lease, and Landlord shall continue to hold \$32,786.90 as security for the performance of Tenant’s obligations under the Amended Lease.

14.Maximum Parking Allocation. The Maximum Parking Allocation, as set forth in the Basic Lease Information in the Lease, is hereby amended to be twenty-one (21) parking passes (i.e., up to three (3) parking passes per 1,000 rentable square feet of area in the New Premises). Tenant shall have the right, but not the obligation, to rent the Maximum Parking Allocation at the Building’s standard rates, which rates are currently \$90.00 per space, per month for unreserved spaces, and \$142.00 per space, per month for reserved spaces.

15.New Premises Existing Furniture. Tenant shall have the right to utilize any existing furniture currently in the New Premises if and to the extent surrendered with the New Premises by the existing tenant, excluding the existing main conference room table and chairs adjacent to the reception area (the “**Existing Furniture**”). Landlord makes no representation or warranty regarding the condition of the Existing Furniture or suitability for Tenant’s use and Tenant hereby access the Existing Furniture it is “as- is” condition. Tenant shall return the Existing Furniture to the Landlord at the earlier of the end of the New Term or the termination of the Extended Lease.

16. Notice Address of Landlord.

Landlord’s addresses for notices under the Amended Lease are hereby replaced in their entirety with the following:

Landlord’s address:

SFIII LAKE, LLC and SFIII FOS LAKE, LLC
c/o Swift Real Estate Partners
100 Bayview Circle, Suite 220
Newport Beach, California 92614
Attn: Jeremy Wustman
Telephone: (760) 420-6212
E-mail: wustman@swiftrp.com

For payment of Rent:

260 California Street, Suite 1100
San Francisco, California 94111

Attn: Accounting Department

17. Existing Tenant Extension.

(a) Notwithstanding anything in the Amendment to the contrary, Landlord and Tenant hereby acknowledge and agree that Landlord cannot deliver possession of the New Premises until the existing tenant (the “**Existing Tenant**”) currently leasing the New Premises under an existing lease (the “**Existing Lease**”) agrees to terminate the Existing Lease early or timely and properly surrenders possession of the New Premises to Landlord upon the expiration of the term for the Existing Lease (such early termination or expiration surrender date, as applicable, the “**Existing Lease Surrender Date**”). In addition, Tenant hereby acknowledges and agrees that the Existing Tenant has the right to extend the term of the Existing Lease by delivering written notice to Landlord of such election on or before May 31, 2023.

(b) If the Existing Tenant executes its extension option under the Existing Lease, then

(i) Landlord shall not deliver the New Premises to Tenant in accordance with this Amendment, (ii) Sections 1, 2, 3, 4, 7, 9, 10, 11 and 15 of this Amendment shall be void and of no further force and effect, (iii) Tenant shall be permitted to remain in the Remainder Surrender Premises for the twelve (12) month period commencing on June 1, 2023 and expiring on May 31, 2024 (the “**Temporary Lease Period**”), (iv) Tenant shall pay to Landlord Monthly Base Rent for the Remainder Surrender Premises in the amount of \$26,658.75 per month during the Temporary Lease Period, (v) Tenant shall have the right to terminate the Lease of the Remainder Surrender Premises by providing Landlord thirty (30) days prior written notice during the Temporary Lease Period, and (vi) on the date that is the earlier of (A) the last day of the Temporary Lease Period, or (B) the termination date if Tenant elects to terminate the Lease of the Remainder Surrender Premises early in accordance with this sentence, Tenant agrees to surrender possession of the Remainder Surrender Premises to Landlord, broom clean and in good order, condition and repair, ordinary wear and tear excepted, and otherwise in compliance with the terms of the Amended Lease regarding surrender. Upon such surrender, all rights of Tenant to possession and occupancy of the Remainder Surrender Premises and Tenant’s obligations with respect to the Remainder Surrender Premises will terminate except as to Tenant’s surviving obligations under the Amended Lease; provided, however, if Tenant fails to surrender the Remainder Surrender Premises on or before the required surrender date, Tenant shall be deemed in holdover of the Remainder Surrender Premises subject to the holdover provisions in the Lease. Notwithstanding anything contained herein or the Work Letter to the contrary, in the event the Existing Tenant (defined in Section 17(a) below) executes its extension option, then Landlord shall not commence demising the Remainder Surrender Premises or otherwise performing disruptive work in the Remainder Surrender Premises during the Temporary Lease Period.

18.Broker. Tenant hereby represents and warrants to Landlord that it is not aware of any brokers, agents or finders, other than CBRE, Inc., representing Landlord and Tenant, who may claim a fee or commission in connection with the consummation of the transactions contemplated by this Amendment. If any claims for brokers’ or finders’ fees in connection with the transactions contemplated by this Amendment arise, then Tenant agrees to indemnify, protect, hold harmless and defend Landlord (with counsel reasonably satisfactory to Landlord) from and against any such claims if they shall be based upon any statement, representation or agreement made by Tenant.

19. Representations and Warranties. Tenant hereby represents, warrants, and agrees that:

(1) there exists no breach, default, or event of default by Landlord under the Lease, or any event or condition which, with notice or passage of time or both, would constitute a breach, default, or event of default by Landlord under the Lease; (2) the Lease continues to be a legal, valid, and binding agreement and obligation of Tenant; and (3) Tenant has no current offset or defense to its performance or obligations under the Lease. Tenant hereby waives and releases all demands, charges, claims, accounts, or causes of action of any nature whatsoever against Landlord or Landlord’s members, managers, directors, officers, employees or agents, including without limitation, both known and unknown demands, charges, claims, accounts, and causes of action that have previously arisen out of or in connection with the Lease.

20.Authority. Each signatory of this Amendment on behalf of Tenant represents hereby that he or she has the authority to execute and deliver the same on behalf of the party hereto for which such signatory is acting.

21.Successors and Assigns. This Amendment shall extend to, be binding upon, and inure to the benefit of, the respective successors and permitted assigns and beneficiaries of the parties hereto.

22.No Other Modification. Landlord and Tenant agree that except as otherwise specifically modified in this Amendment, the Lease has not been modified, supplemented, amended, or otherwise changed in any way and the Lease remains in full force and effect between the parties hereto as modified by this Amendment. To the extent of any inconsistency between the terms and conditions of the Lease and the terms and conditions of this Amendment, the terms and conditions of this Amendment shall apply and govern the parties. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same Amendment. For purposes of this Amendment, signatures by facsimile or electronic PDF shall be binding to the same extent as original signatures.

[NO FURTHER TEXT ON THIS PAGE; SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, Landlord and Tenant have caused this Amendment to be executed the date first above written.
TENANT: EVERBRIDGE, INC.,
a Delaware corporation

By: /s/ David Granata 4/7/2023
Name: David Granata
Title: Senior Director - Strategic Procurement

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

LANDLORD:

SFIII LAKE, LLC,
a Delaware limited liability company

By: SFIII Lake Mezz, LLC,
a Delaware limited liability company,
its sole member

By: Swift Real Estate Partners Fund III OP, LLC,
a Delaware limited liability company,
its sole member

By: Swift Fund III GP, LLC,
A Delaware limited liability company,
its managing member

By:	<u>/s/ Steve Blue 4/10/2023</u>
Name:	<u>Steve Blue</u>
Its:	<u>Authorized Signatory</u>

SFIII FOS LAKE, LLC,
a Delaware limited liability company

By: SFIII FOS Lake Mezz, LLC,

a Delaware limited liability company,
its sole member

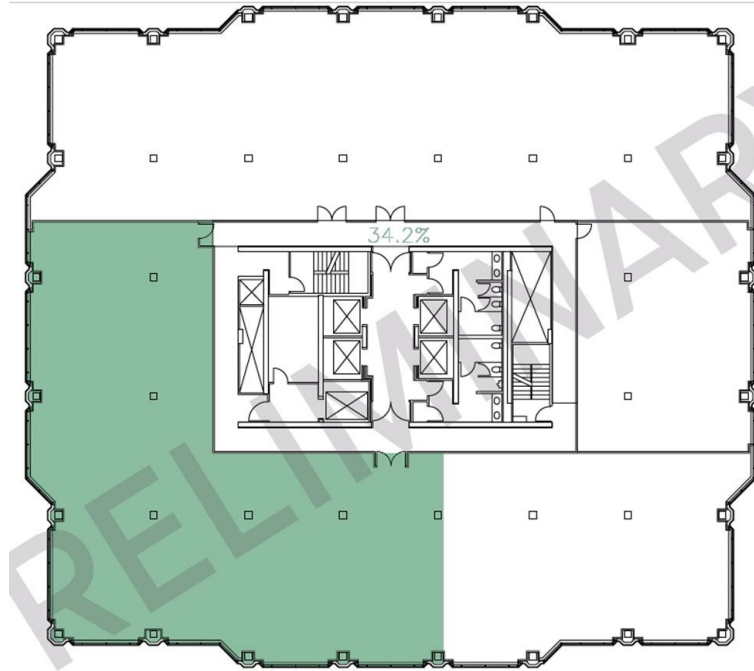
By: SFIII FOS Pasadena, LLC,
a California limited liability company,
its sole member

By: Swift Fund III GP, LLC,
a Delaware limited liability company,
its managing member

By:	<u>/s/ Steve Blue 4/10/2023</u>
Name:	<u>Steve Blue</u>
Its:	<u>Authorized Signatory</u>

EXHIBIT A

NEW PREMISES



INITIAL SURRENDER PREMISES AND REMAINDER SURRENDER PREMISES

[TO BE ATTACHED]

EXHIBIT B

WORK LETTER

1. **TENANT IMPROVEMENTS.** As used in the Amendment and this Work Letter, the term “**Tenant Improvements**” or “**Tenant Improvement Work**” means those items of general tenant improvement construction shown on the Final Plans (described in Section 4 below), more particularly described in Section 5 below.

2. **WORK SCHEDULE.** Within ten (10) days after the execution of this Amendment, Landlord will deliver to Tenant, for Tenant’s review and approval, a schedule (“**Work Schedule**”) which will set forth the timetable for the planning and completion of the installation of the Tenant Improvements and the Commencement Date of the Amended Lease. The Work Schedule will set forth each of the various items of work to be done or approval to be given by Landlord and Tenant in connection with the completion of the Tenant Improvements. The Work Schedule will be submitted to Tenant for its approval, which approval Tenant agrees not to unreasonably withhold, and, once approved by both Landlord and Tenant, the Work Schedule will become the basis for completing the Tenant Improvements. All plans and drawings required by this Work Letter and all work performed pursuant thereto are to be prepared and performed in accordance with the Work Schedule. Landlord may, from time to time during construction of the Tenant Improvements, modify the Work Schedule as Landlord reasonably deems appropriate. If Tenant fails to approve the Work Schedule, as it may be modified after discussions between Landlord and Tenant within five (5) business days after the date the Work Schedule is first received by Tenant, the Work Schedule shall be deemed to be approved by Tenant as submitted.

3. **CONSTRUCTION REPRESENTATIVES.** Landlord hereby appoints the following person(s) as Landlord’s representative (“**Landlord’s Representative**”) to act for Landlord in all matters covered by this Work Letter: _____.

Tenant hereby appoints the following person(s) as Tenant’s representative (“**Tenant’s Representative**”) to act for Tenant in all matters covered by this Work Letter: _____.

All communications with respect to the matters covered by this Work Letter are to be made to Landlord’s Representative or Tenant’s Representative, as the case may be, in writing in compliance with the notice provisions of the Lease. Either party may change its representative under this Work Letter at any time by written notice to the other party in compliance with the notice provisions of the Amended Lease.

4. **TENANT IMPROVEMENT PLANS.**

(a) **Preparation of Space Plans.** In accordance with the Work Schedule, Tenant agrees to meet with Landlord’s architect and/or space planner for the purpose of promptly preparing preliminary space plans for the layout of the New Premises (“**Space Plans**”). The Space Plans are to be sufficient to convey the architectural design of the New Premises and layout of the Tenant Improvements therein and are to be submitted to Landlord in accordance with the Work Schedule for Landlord’s approval. If Landlord reasonably disapproves any aspect of the Space Plans, Landlord will advise Tenant in writing of such disapproval and the reasons therefor in accordance with the Work Schedule. Tenant will then submit to Landlord for Landlord’s approval, in accordance with the Work Schedule, a redesign of the Space Plans incorporating the revisions reasonably required by Landlord.

(b) **Preparation of Final Plans.** Based on the approved Space Plans, and in accordance with the Work Schedule, at Landlord’s election, Landlord’s architect will prepare complete architectural plans, drawings and specifications and complete engineered mechanical, structural and electrical working drawings for all

of the Tenant Improvements for the New Premises (collectively, the “**Final Plans**”). The Final Plans will be submitted to Tenant for signature to confirm that they are consistent with the Space Plans. If Tenant reasonably disapproves any aspect of the Final Plans based on any inconsistency with the Space Plans, Tenant agrees to advise Landlord in writing of such disapproval and the reasons therefor within the time frame set forth in the Work Schedule. In accordance with the Work Schedule, Landlord will, subject to Section 4(c) below, then cause Landlord’s architect to redesign the Final Plans incorporating the revisions reasonably requested by Tenant so as to make the Final Plans consistent with the Space Plans.

(c) **Requirements of Tenant’s Final Plans.** Landlord will not unreasonably withhold its consent to changes in the Final Plans proposed by Tenant provided the Final Plans, as revised, will: (i) be compatible with the Building shell and with the design, construction and equipment of the Building; (ii) be comprised of the Building standards set forth in the written description thereof (the “**Standards**”) or of at least equal quality as the Standards and approved by Landlord; (iii) comply with all applicable Laws, ordinances, rules and regulations of all governmental authorities having jurisdiction, and all applicable insurance regulations; (iv) not require Building service beyond the level normally provided to other tenants in the Building and will not overload the Building floors; and (v) be of a nature and quality consistent with the overall objectives of Landlord for the Building, as determined by Landlord in its reasonable but subjective discretion.

(d) **Submittal of Final Plans.** Once approved by Landlord and Tenant, at Landlord’s election, Landlord’s architect will submit the Final Plans to the appropriate governmental agencies for plan checking and the issuance of a building permit. Landlord’s architect, with Tenant’s cooperation, will make any changes to the Final Plans which are requested by the applicable governmental authorities to obtain the building permit. After approval of the Final Plans no further changes may be made without the prior written approval of both Landlord and Tenant, and then only after agreement by Tenant to pay any costs resulting from the design and/or construction of such changes in excess of the Allowance. Tenant hereby acknowledges that any such changes will be subject to the terms of Sections 7 and 8 below. Landlord’s approval of the Final Plans shall create no liability or responsibility on the part of Landlord for the completeness of such plans or their design sufficiency or compliance with Laws.

(e) **Changes to Shell of Building.** If the Final Plans or any amendment thereof or supplement thereto shall require changes in the Building shell, the increased cost of the Building shell work caused by such changes will be paid for by Tenant or charged against the “**Allowance**” described in Section 5 below.

(f) **Work Cost Estimate and Statement.** Prior to the commencement of construction of any of the Tenant Improvements shown on the Final Plans, Landlord will submit to Tenant a written estimate of the cost (the “**Work Cost**”) to complete the Tenant Improvement Work, which written estimate will be based on the Final Plans taking into account any modifications which may be required to reflect changes in the Final Plans required by the City or County in which the New Premises are located (the “**Work Cost Estimate**”). Tenant will either approve the Work Cost Estimate or disapprove specific items and submit to Landlord revisions to the Final Plans to reflect deletions of and/or substitutions for such disapproved items. Submission and approval of the Work Cost Estimate will proceed in accordance with the Work Schedule. Upon Tenant’s approval of the Work Cost Estimate (such approved Work Cost Estimate to be hereinafter known as the “**Work Cost Statement**”), Landlord will have the right to purchase materials and to commence the construction of the items included in the Work Cost Statement pursuant to Section 6 hereof. If the total costs reflected in the Work Cost Statement exceed the Allowance described in Section 5 below, Tenant agrees to pay such excess, as Additional Rent, within five (5) business days after Tenant’s approval of the Work Cost Estimate. Throughout the course of construction, any differences between the estimated Work Cost in the Work Cost Statement and the actual Work Cost will be determined by Landlord and appropriate adjustments and payments by Landlord or Tenant, as the case may be, will be made within five (5) business days thereafter.

5. **PAYMENT FOR THE TENANT IMPROVEMENTS.**

(a) **Allowance.** Landlord hereby grants to Tenant an Allowance as referenced Section 7 above. The Allowance is to be used only for:

(i) Payment of the cost of preparing the Space Plans and the Final Plans, including mechanical, electrical, plumbing and structural drawings and of all other aspects necessary to complete the Final Plans. The Allowance will not be used for the payment of extraordinary design work not consistent with the scope of the Standards (i.e., above-standard design work) or for payments to any other consultants, designers or architects other than Landlord's architect, engineers and consultants.

(ii) The payment of plan check, permit and license fees relating to construction of the Tenant Improvements.

(iii) Construction of the Tenant Improvements, including, without limitation, the following: (aa) Installation within the New Premises of all partitioning, doors, floor coverings, ceilings, wall coverings and painting, millwork and similar items;

(bb) All electrical wiring, lighting fixtures, outlets and switches, and other electrical work necessary for the New Premises;

(cc) The furnishing and installation of all duct work, terminal boxes, diffusers and accessories necessary for the heating, ventilation and air conditioning systems within the New Premises, including the cost of meter and key control for after-hour air conditioning;

(dd) Any additional improvements to the New Premises required for Tenant's use of the New Premises including, but not limited to, odor control, special heating, ventilation and air conditioning, noise or vibration control or other special systems or improvements;

(ee) All fire and life safety control systems such as fire walls, sprinklers, halon, fire alarms, including piping, wiring and accessories, necessary for the New Premises;

(ff) All plumbing, fixtures, pipes and accessories necessary for the New Premises; (gg) Testing and inspection costs;

(hh) Fees for the general contractor including, but not limited to, fees and costs attributable to general conditions associated with the construction of the Tenant Improvements; and

(ii) Landlord's construction management fee of four percent (4%) of the total costs of the Tenant Improvements.

(iv) All other costs to be expended by Landlord in the construction of the Tenant Improvements, including those costs incurred by Landlord for construction of elements of the Tenant Improvements in the New Premises, which construction was performed by Landlord prior to the execution of this Lease by Landlord and Tenant and which construction is for the benefit of tenants and is customarily performed by Landlord prior the execution of leases for space in the Building for reasons of economics (examples of such construction would include, but not be limited to, the extension of mechanical excluding heating, ventilating and air conditioning systems and electrical distribution systems outside of the core of the Building, wall

construction, column enclosures and painting outside of the core of the Building, ceiling hanger wires and window treatment).

(b) **Excess Costs.** The cost of each item referenced in Section 5(a) above shall be charged against the Allowance. In no event will the Allowance be used to pay for Tenant's furniture, artifacts, equipment, telephone systems or any other item of personal property which is not affixed to the New Premises.

(c) **Changes.** If, after the Final Plans have been prepared and the Work Cost Statement has been established, Tenant requires any changes or substitutions to the Final Plans, any additional costs related thereto are to be paid by Tenant to Landlord within five (5) business days after invoice therefor. Any changes to the Final Plans will be approved by Landlord and Tenant in the manner set forth in Section 4 above and will, if necessary, require the Work Cost Statement to be revised and agreed upon between Landlord and Tenant in the manner set forth in Section 4(f) above. Landlord will have the right to decline Tenant's request for a change to the Final Plans if such changes are inconsistent with the provisions of Section 4 above.

(d) **Governmental Cost Increases.** If increases in the cost of the Tenant Improvements as set forth in the Work Cost Statement are due to requirements of any governmental agency, Tenant agrees to pay Landlord the amount of such increase; provided, however, that Landlord will first apply toward any such increase any remaining balance of the Allowance.

(e) **Unused Allowance Amounts.** Except as provided in Section 7 of the Amendment, any unused portion of the Allowance upon completion of the Tenant Improvements will not be refunded to Tenant or be available to Tenant as a credit against any obligations of Tenant under the Lease unless Tenant has paid for excess costs as described in Sections 5(b), 5(c) or 5(d), in which case the unused Allowance may be applied toward such excess cost amounts and paid to Tenant.

6. **CONSTRUCTION OF TENANT IMPROVEMENTS.** Until Tenant approves the Final Plans and Work Cost Statement, Landlord will be under no obligation to cause the construction of any of the Tenant Improvements. Following Tenant's approval of the Work Cost Statement described in Section 4(f) above and upon Tenant's payment of the total amount by which such Work Cost Statement exceeds the Allowance, if any, Landlord's contractor will commence and diligently proceed with the construction of the Tenant Improvements. Landlord shall enforce for the benefit of Tenant all warranties and guaranties by Landlord's contractors relating to the Tenant Improvements, and Tenant hereby waives all claims against Landlord relating to, or arising out of the construction of, the Tenant Improvements. Landlord's contract with Landlord's contractors shall provide a warranty from the contractors to correct all defects at no cost to Tenant for one (1) year following the completion of the Tenant Improvements.

7. **SUBSTANTIAL COMPLETION.**

(a) **Substantial Completion; Punch-List.** For purposes of Section 3 of the Amendment above, the Tenant Improvements will be deemed to be "substantially completed" when Landlord: (a) is able to provide Tenant with reasonable access to the New Premises and (b) has substantially performed all of the Tenant Improvement Work required to be performed by Landlord under this Work Letter, other than minor "punch- list" type items and adjustments which do not materially interfere with Tenant's access to or use of the New Premises. Within ten (10) days after delivery of the New Premises to Tenant, Tenant and Landlord will conduct a walk-through inspection of the New Premises and prepare a written punch-list specifying those punch-list items which require completion, which items Landlord will thereafter diligently complete.

(b) **Delivery of Possession.** Landlord agrees to deliver possession of the New Premises to Tenant when the Tenant Improvements have been substantially completed in accordance with Section (b) above.

CERTIFICATIONS

I, David J. Wagner, certify that:

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

Date: May 9, 2023

By: /s/ David J. Wagner

Name: David J. Wagner

Title: Chief Executive Officer
(Principal Executive Officer)

CERTIFICATIONS

I, Patrick Brickley, certify that:

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

Date: May 9, 2023

By: /s/ Patrick Brickley

Name: Patrick Brickley

Title: Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), I, David J. Wagner, Chief Executive Officer of Everbridge, Inc., do hereby certify that, to the best of my knowledge, the Quarterly Report on Form 10-Q of Everbridge, Inc. for the quarter ended March 31, 2023 (the “Report”):

- (1) fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of Everbridge, Inc. for the period presented herein.

Date: May 9, 2023

By: /s/ David J. Wagner

Name: David J. Wagner

Title: Chief Executive Officer
(Principal Executive Officer)

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Everbridge, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

CERTIFICATION

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), I, Patrick Brickley, Executive Vice President and Chief Financial Officer of Everbridge, Inc., do hereby certify that, to the best of my knowledge, the Quarterly Report on Form 10-Q of Everbridge, Inc. for the quarter ended March 31, 2023 (the “Report”):

- (1) fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of Everbridge, Inc. for the period presented herein.

Date: May 9, 2023

By: /s/ Patrick Brickley

Name: Patrick Brickley

Title: Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Everbridge, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.
