





Third Quarter 2023 Investor Presentation

November 9, 2023



Safe Harbor

This presentation contains forward-looking statements about Everbridge, Inc. (“EVBG”, “Everbridge” or the “Company”) within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, based on management’s current expectation for the fourth quarter of 2023 and the full fiscal year 2023. Forward-looking statements include information related to our possible or assumed future results of operations and expenses, our outlook, our mission, business strategies and plans, business environment, market size, product capabilities and release timing and future growth. These statements are often identified by the use of words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “will,” “would” or the negative or plural of these words or similar expressions or variations. Such 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: the ability of our products and services to perform as intended and meet our customers’ expectations; our ability to attract new customers and retain and increase sales to existing customers; our ability to increase sales of our Mass Notification application and/or ability to increase sales of our other applications; our ability to successfully integrate businesses and assets that we have acquired or may acquire in the future; the consequences associated with the global COVID-19 pandemic on our operations and those of our customers and suppliers; the success of the 2022 Strategic Realignment; developments in the market for targeted and contextually relevant critical communications or the associated regulatory environment; our estimates of market opportunity and forecasts of market growth may prove to be inaccurate; we have not been profitable on a consistent basis historically and may not achieve or maintain profitability in the future; the lengthy and unpredictable sales cycles for new customers; nature of our business exposes us to inherent liability risks; our ability to attract, integrate and retain qualified personnel; our ability to maintain successful relationships with our channel partners and technology partners; our ability to manage our growth effectively; our ability to respond to competitive pressures; potential liability related to privacy and security of personally identifiable information; our ability to protect our intellectual property rights; and the other risks detailed in our risk factors discussed in filings with the U.S. Securities and Exchange Commission (the “SEC”). Moreover, Everbridge operates in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for the Company’s management to predict all risks, nor can it assess the impact of all factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this presentation may not occur and actual results could differ materially and adversely from those anticipated or implied.

Neither Everbridge nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We are providing this information as of the date of this presentation and do not undertake any obligation to update any forward-looking statements contained in this presentation as a result of new information, future events or otherwise, except as required by law.

This presentation also contains estimates and other statistical data made by independent parties and by Everbridge relating to market size and growth and other data about the Company’s industry. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Neither Everbridge nor any other person makes any representation as to the accuracy or completeness of such data or undertakes any obligation to update such data after the date of this presentation. In addition, projections, assumptions and estimates of the Company’s total addressable market, future performance and the future performance of the markets in which the Company operates are necessarily subject to a high degree of uncertainty and risk. By attending or receiving this presentation you acknowledge that you will be solely responsible for your own assessment of the market and Everbridge’s market position and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of Everbridge’s business.

Key Performance Metrics: (1) We define ARR – Annualized Recurring Revenue – as the expected recurring revenue in the next twelve months from active customer contracts, assuming no increases or reductions in the subscriptions from that cohort of customers. (2) We define our dollar-based net retention rate as revenue generated from existing customers including recurring revenue, expansion revenue, downgrades, and cancels, compared on a trailing-twelve-month basis. Investors should not place undue reliance on ARR or dollar-based net retention rate as an indicator of future or expected results. Our presentation of these metrics may differ from similarly titled metrics presented by other companies and therefore comparability may be limited.

In addition to U.S. GAAP financials, this presentation includes certain non-GAAP financial measures, including Adjusted EBITDA and Free Cash Flow among others. These non-GAAP measures are in addition to, not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. The non-GAAP financial measures used by Everbridge may differ from the non-GAAP financial measures used by other companies. A reconciliation of these measures to the most directly comparable GAAP measure is included in the endnote to these slides on page 29.

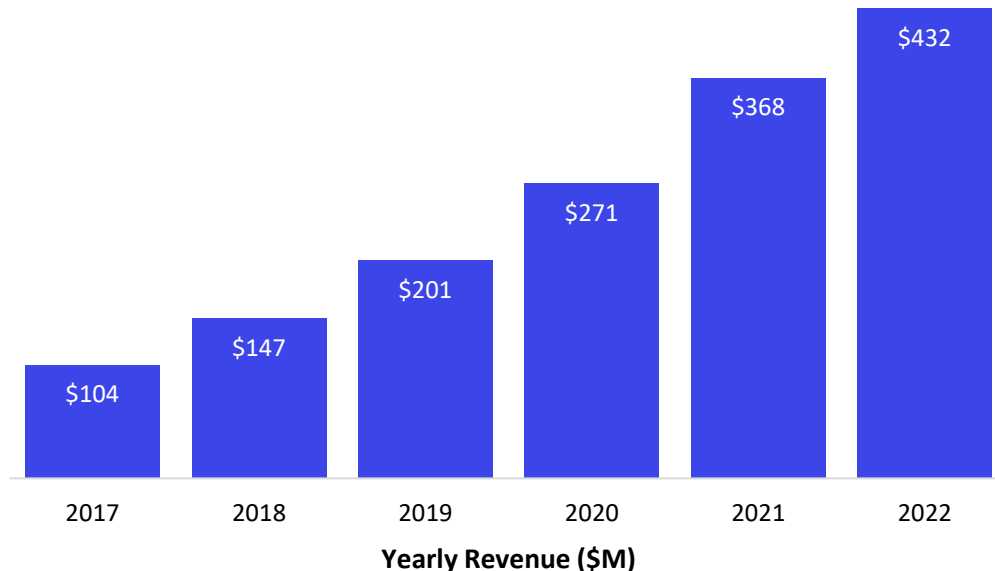
Business Overview

Who We Are

Keeping People Safe and Organizations Running

Everbridge Empowers Resilience

Everbridge is synonymous with enterprise resilience. Leveraging intelligent automation technology, Everbridge empowers customers to anticipate, mitigate, respond to, and recover from critical events.



Industry Leader

Early-stage Market Opportunity

1.6K

Employees

Improving Profitability²

6.5K+ Customers

25 Countries

Public Safety Deployments

Billions

of Life-saving Messages Delivered Globally

(1) All data as of September 30, 2023, unless otherwise indicated

(2) Adj. EBITDA \$42.1M (FY 2022) compared to \$11.2M (FY 2021) and \$8.0M (FY 2020). See Slide 18 for profitability trends. GAAP to non-GAAP reconciliation on slide 29

Why We Exist

To keep people safe and organizations running. To empower enterprise resilience at scale and enable our customers to protect their people and their assets.

Customer use cases include:

- Natural Disasters
- Supply Chain Interruptions
- Global Health Risk
- Distributed Workforce
- Civil Unrest
- IT Disruptions /Cyber Attacks



Everbridge CEM: Empowering Resilience

One Platform

The Operating System for Organizational Resilience



Faster, more accurate
response to external
and internal threats

Managing what
is important—your
people and assets

Resilience is
proactive,
not reactive

Enterprise-class **reliability**
and scale

Flexible integrations with
the Enterprise

“Single Pane of Glass” for Greater Resiliency in Critical Event Management

Unify

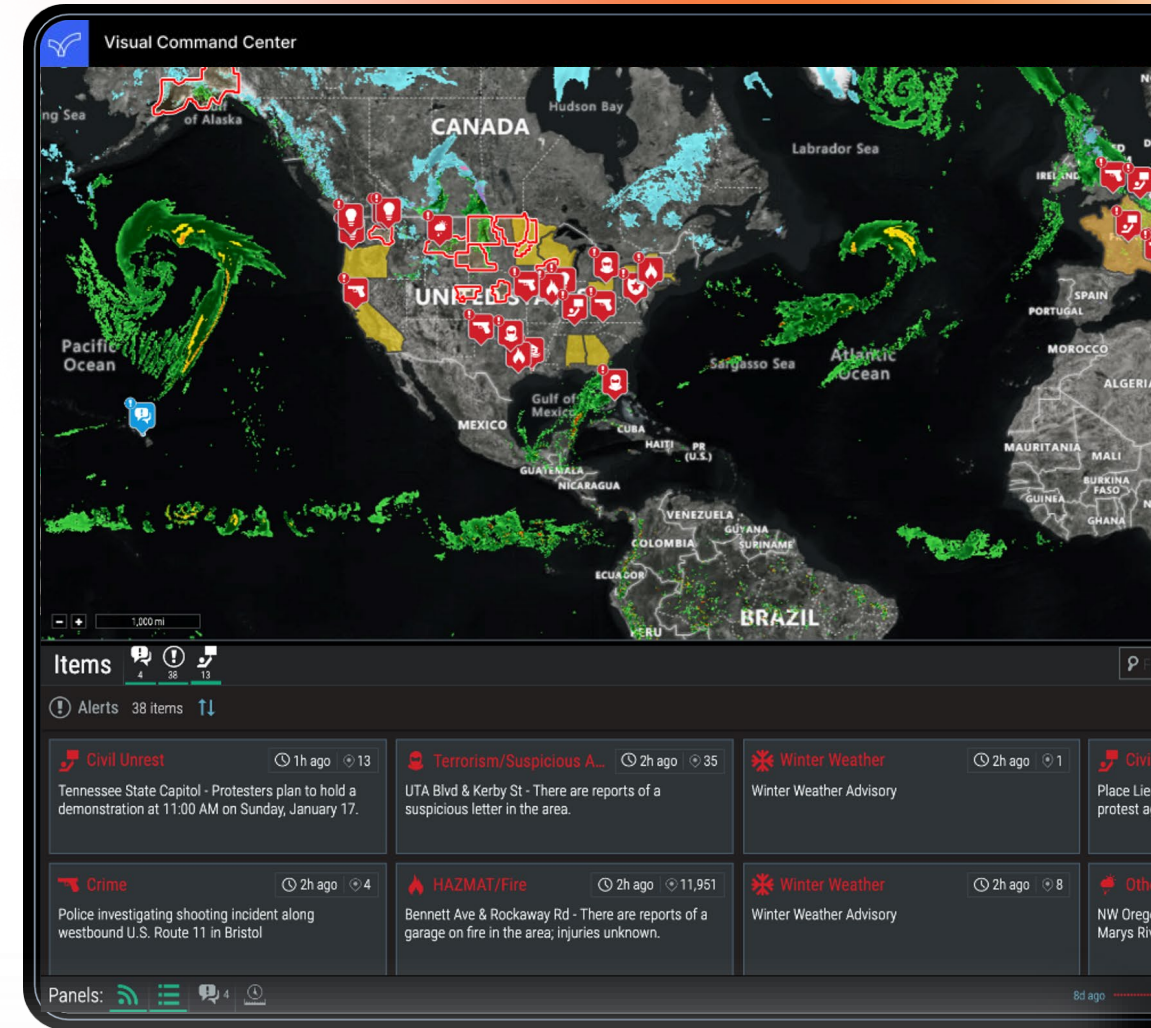
Common all-hazards risk picture and operating environment

Automate

Contextual collaboration, response automation & process optimization

Integrate

Integration with 450+ digital and physical systems



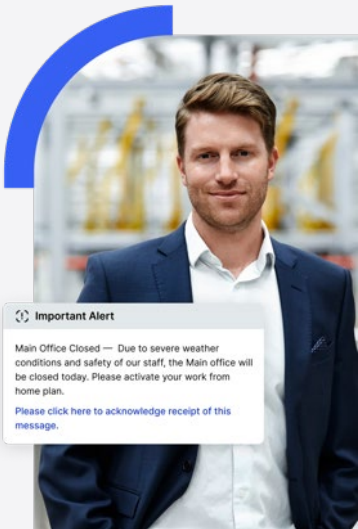
Risk intelligence Dataminr ANVIL SAM	HR systems workday KRONOS	Risk & compliance RSA MetricStream FUSION	Service & workflow servicenow JIRA Cherwell	ITSM & security New Relic solarwinds splunk hp Service Manager Tivoli Netcool bmc
Travel CONCUR INTERNATIONAL SOS	Access control LENEL S2 SECURITY	Collaboration slack Office	Devices & sensors Honeywell Johnston Controls	

Everbridge Critical Event Solutions



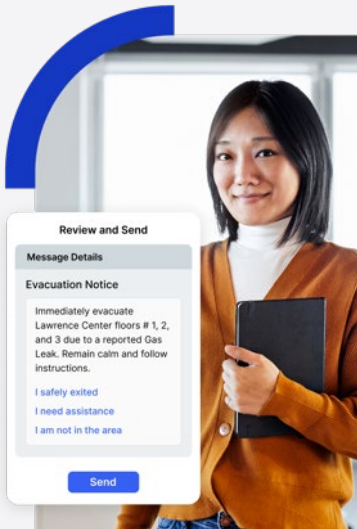
Business Operations

Anticipate and mitigate the impact of disruptions to strengthen business continuity



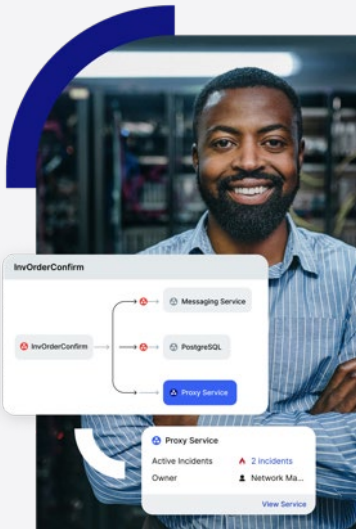
People Resilience

Maximize workforce safety, well-being, and productivity wherever people are



Digital Operations

Minimize the impact of IT service disruptions and reduce unplanned work



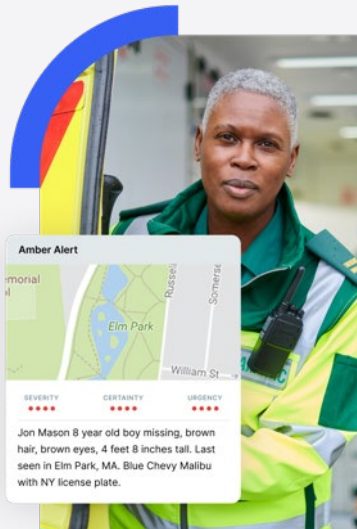
Smart Security

Protect buildings, assets, and people in your physical locations

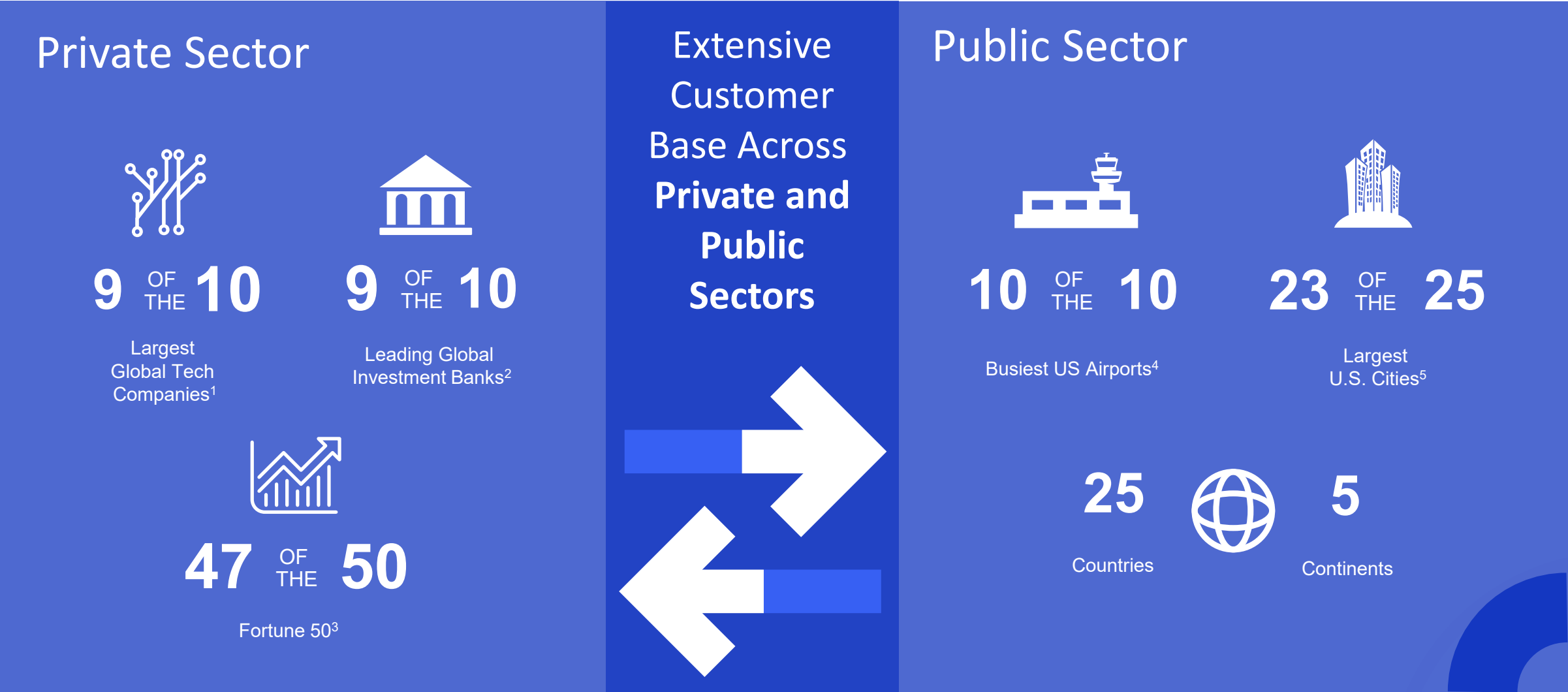


Public Safety

Safeguard the public before, during, and after critical events



Everbridge Customer Base



(1) Based on Forbes 2022 World's Largest Tech Companies. (2) 2022 Statista rankings of leading global investment banks by revenue from investment banking. (3) As of September 30, 2023. (4) Federal Aviation Administration list of enplanements in Commercial Service Airports as of August 31, 2023. (5) 2020 Census data

Setting the Standard in Security and Compliance



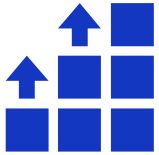
Industry Recognition



Market Leading CEM Differentiation

The Everbridge CEM Platform:

Gain Clarity, Act Faster, Improve Outcomes



Platform

One Platform.
One Process.
One Response.
Anywhere.



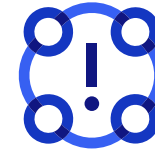
Scale

Resources to support
teams of all sizes
globally



Data

Automated, real-time
threat detection for
100+ types of risk



Products

Broadest suite for
response management of
critical event lifecycles



IP Patents

160+ worldwide
patents

Billions of critical interactions delivered globally in 2022

Commitment to ESG: Keeping People Safe and Organizations Running



Environmental

Customer Benefit

Everbridge Public Safety Solutions

Everbridge Focus

- Reducing office footprint
- Maximize cloud data providers
- Careful use of travel
- Partner of the COP (26 & 27) World Climate Summit



Social

Everbridge People Resilience Solutions

- Demonstrated commitment to DEI
- Investing in employee development
- Investing in employee savings plans
- “Great Place to Work” certified



Governance

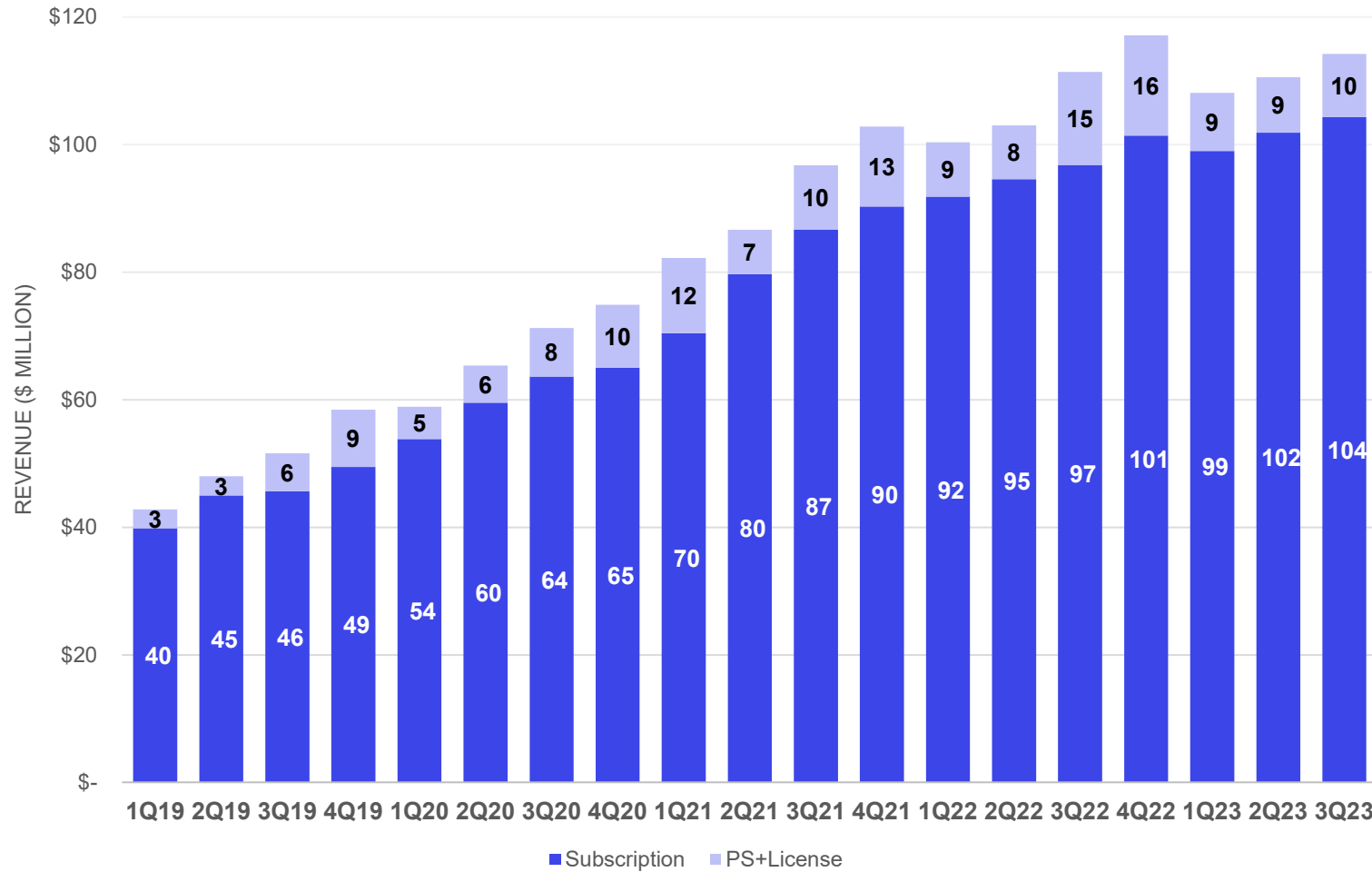
Unique “Duty of Care” Suite

- Improved disclosure (ARR)
- Strong employee compliance program
- ISO 27001 Certification

Link to: [Everbridge Sustainability Report](#)

Financial Overview

Predictable SaaS Recurring Revenue Model



\$399M

ARR at 3Q23

~90%
of revenue is subscription¹

90%+
of revenue contracted
prior to quarter start²

1.7
years average length of
customer contract³

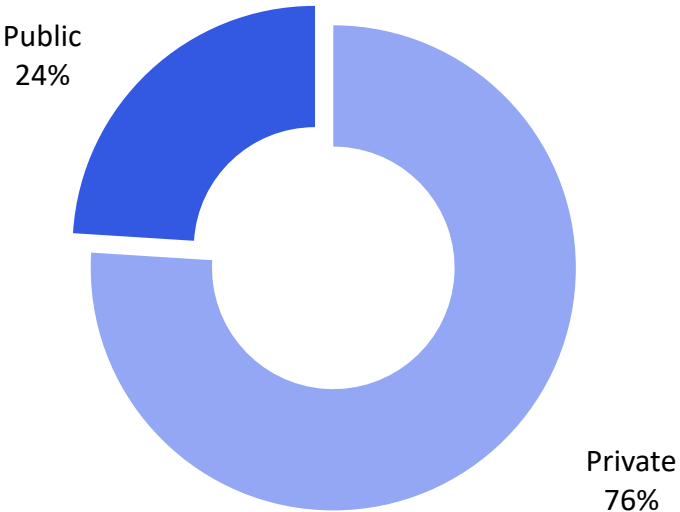
(1) Trailing average since FY18, and as of September 30, 2023.

(2) Average 95% of the revenue recognized in each of the eight most recently completed quarters was generated from contracts entered into in prior quarters or renewals of those contracts, exclusive of upsells.

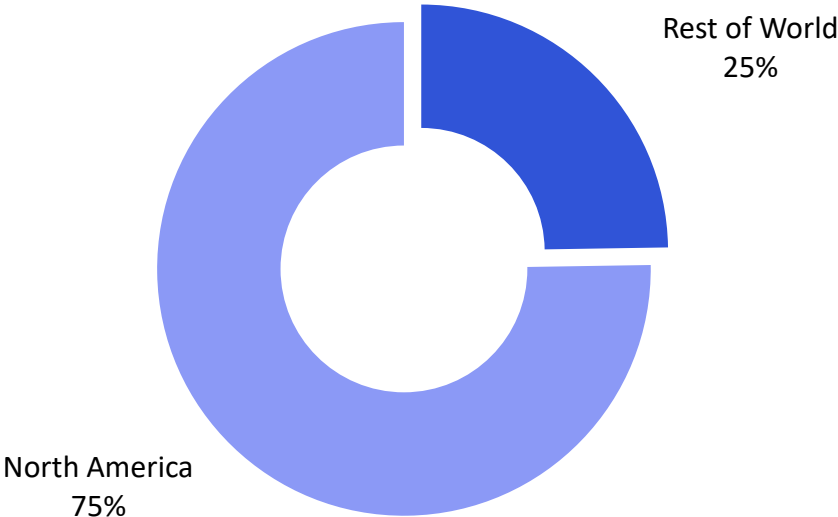
(3) As of September 30, 2023. Contract lengths generally range from 1-3 years.

Diversified Revenue Profile

Revenue by Sector¹

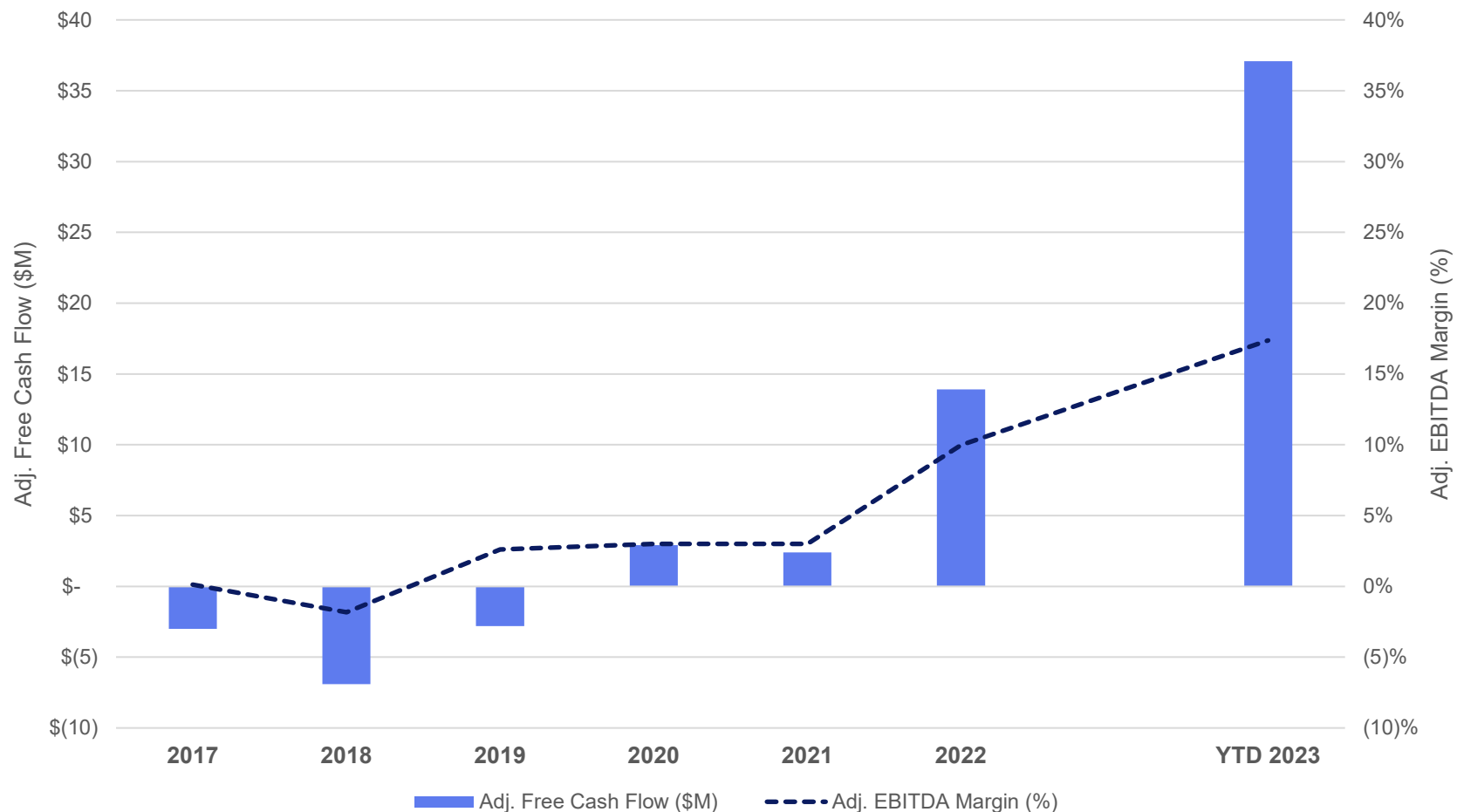


Revenue by Geography¹



(1) For the quarter ended September 30, 2023

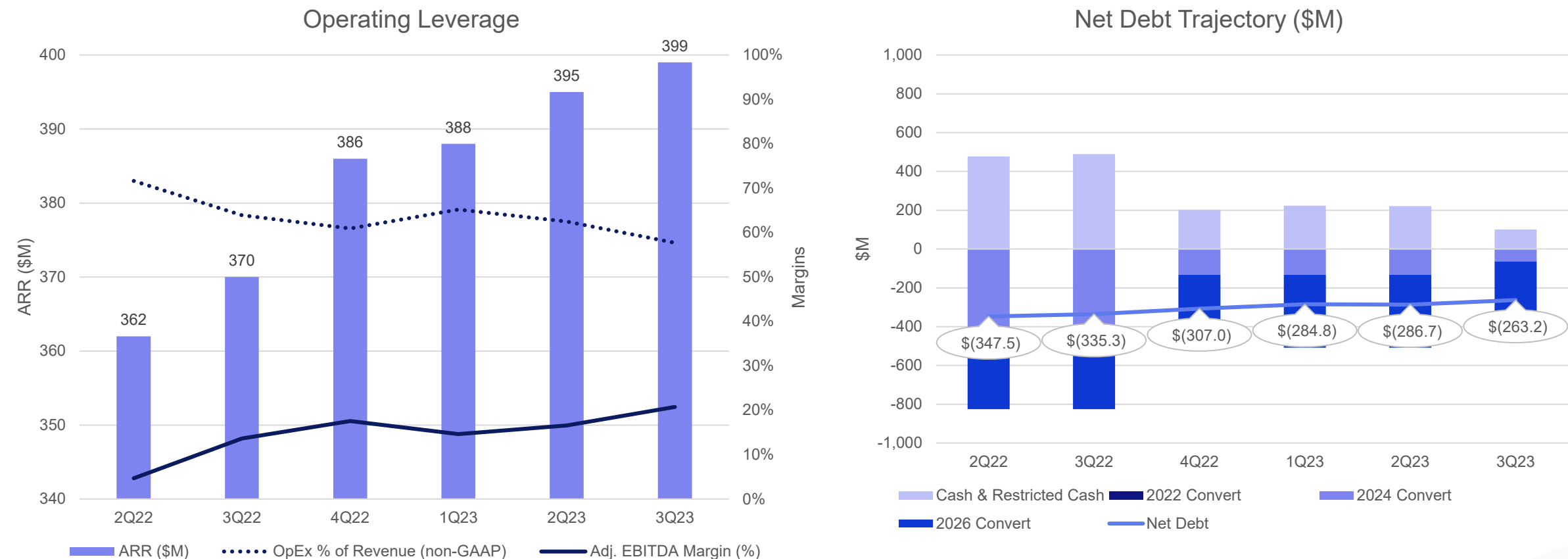
Substantial Improvement in Cash Flow and Profitability



Year-to-date 2023 adj. EBITDA margin and adj. free cash flow exceed full-year 2022

(1) See slides 31 and 34 for reconciliations of Adjusted Free Cash Flow to Net Cash from Operating Activities and Adjusted EBITDA Margin to net income/(loss) margin, the most comparable metrics calculated in accordance with U.S. GAAP
(2) FY22 and year-to-date 2023 Adjusted Free Cash Flow are adjusted for costs related to 2022 Strategic Realignment.

Improvements in Operating Leverage and Capital Structure



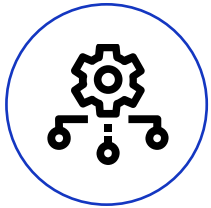
(1) See slides 32 and 33 for the reconciliation of non-GAAP operating expenses as a percent of revenue to GAAP operating expenses as a percent of revenue and Adjusted EBITDA Margin to net income/(loss) margin, the most comparable metrics calculated in accordance with U.S. GAAP.
(2) Net debt is calculated as Cash and restricted minus face value of all outstanding Convertible Debt.

Operational Priorities for FY23



Improving go-to-market velocity

- Drive sales productivity as tenure improves
- Expand market reach via resellers and systems integrators



Simplifying our product offerings

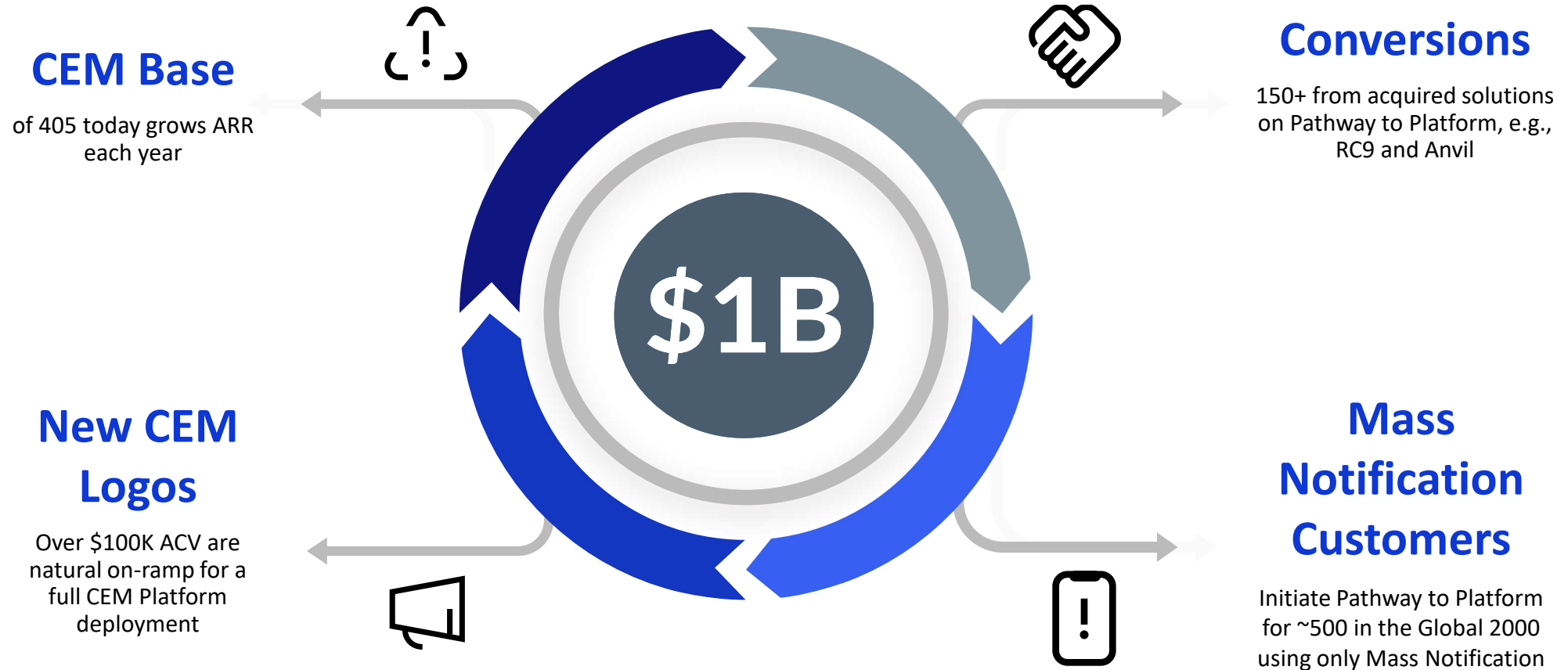
- Focus selling motion on pathways to CEM platform via clearly defined product bundles targeted at specific buying personas
- Enable our enterprise teams to sell a more robust and integrated industry-leading CEM platform



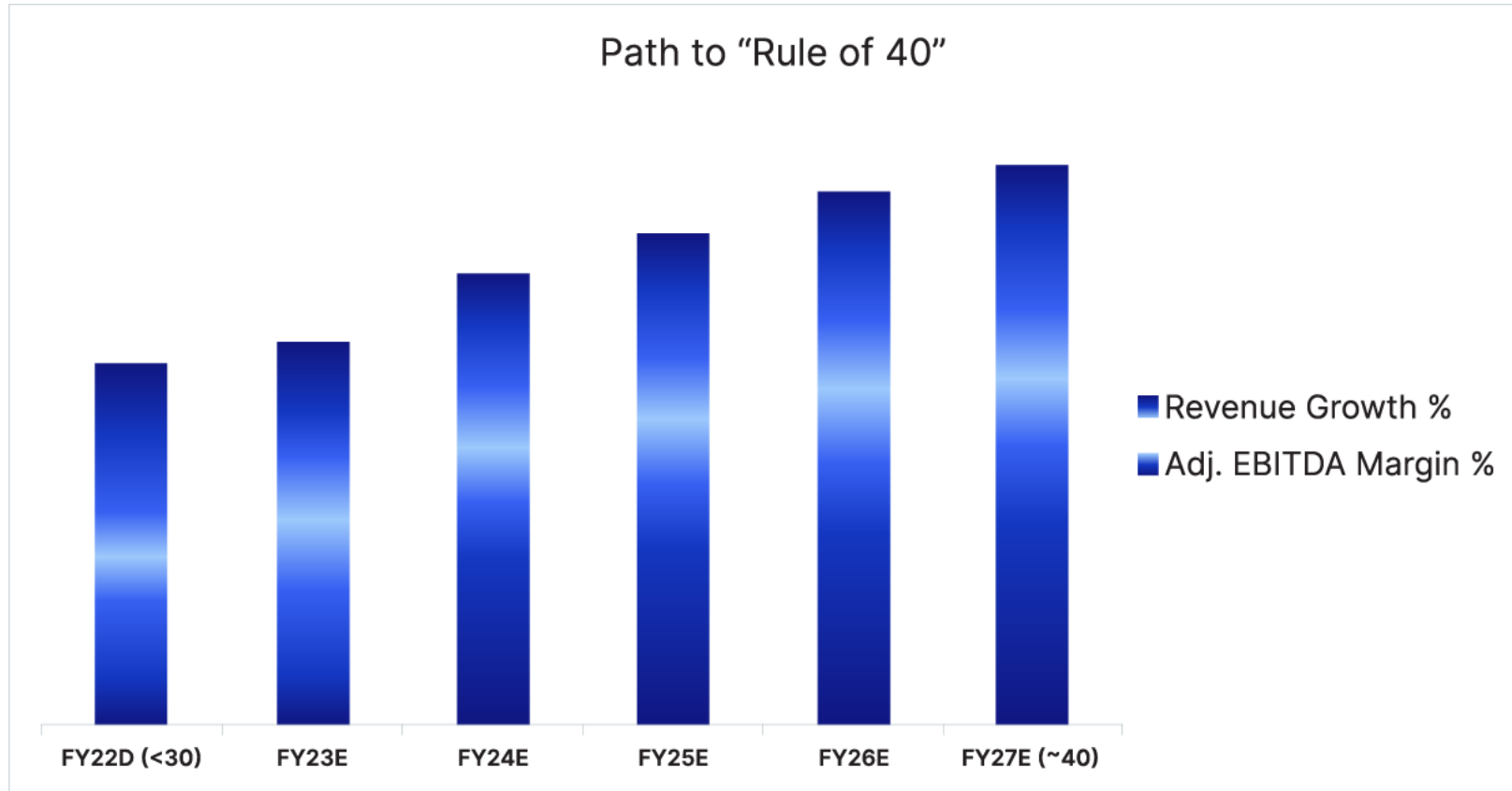
Driving profitability

- Realign cost structure as acquisitions are integrated
- Generate efficiencies in go-to-market channels and platform architecture

Targeting \$1B ARR Snowball



Path to Rule of 40



- We plan to grow profitably, balancing our growth opportunity with increasing profitability
- "Rule of 40" is defined as the sum of percentage revenue growth and adjusted EBITDA margin

Investment Summary



Growing

Enterprise CEM
Software Suite



SaaS Subscription Model



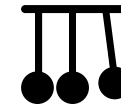
Scaled Business with Improving Profitability



Industry Leader in Early-Stage Market



Global Presence



Large-Deal Momentum



Exhibits

Outlook Summary

Key Metrics

GAAP-to-non-GAAP Reconciliations

Fourth Quarter and FY23 Outlook

Dollars in millions, except per share data

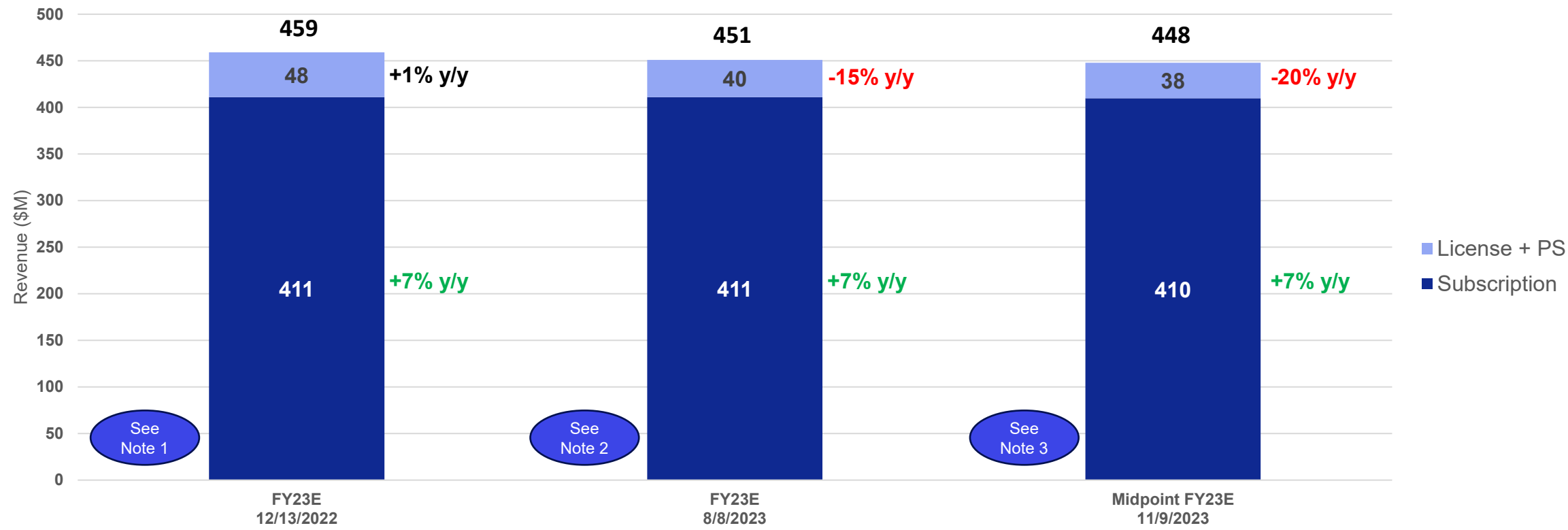
	Fourth Quarter 2023		Full Year 2023		Full Year 2023 Guidance Issued August 8, 2023	
Revenue	\$ 114.0	to \$ 115.5	\$ 447.0	to \$ 448.5	\$ 450.0	to \$ 452.0
Revenue growth	(3)%	(1)%	4%	4%	4%	5%
GAAP net loss	\$ (6.3)	\$ (5.1)	\$ (34.3)	\$ (33.1)	\$ (43.7)	\$ (41.7)
GAAP net loss per share	\$ (0.15)	\$ (0.12)	\$ (0.84)	\$ (0.81)	\$ (1.07)	\$ (1.02)
Non-GAAP net income	\$ 21.5	\$ 23.0	\$ 66.0	\$ 67.5	\$ 65.8	\$ 67.8
Non-GAAP net income per share	\$ 0.48	\$ 0.52	\$ 1.48	\$ 1.52	\$ 1.48	\$ 1.52
Adjusted EBITDA	\$ 25.6	\$ 27.1	\$ 83.5	\$ 85.0	\$ 84.0	\$ 86.0

	Fourth Quarter 2022	Fourth Quarter 2023		Full Year 2022	Full Year 2023	
		Low End	High End		Low End	High End
Subscription services	\$ 101.4	\$ 104.6	\$ 105.0	\$ 384.6	\$ 409.5	\$ 409.9
Professional services	8.7	6.7	7.1	29.3	25.0	25.4
Software licenses and other	7.0	2.7	3.4	18.0	12.5	13.2
Total revenue	<u>\$ 117.1</u>	<u>\$ 114.0</u>	<u>\$ 115.5</u>	<u>\$ 431.9</u>	<u>\$ 447.0</u>	<u>\$ 448.5</u>

(1) See slide 29 for a reconciliation of the most comparable metric calculated in accordance with U.S. GAAP, GAAP net loss to non-GAAP net income (loss) and to adjusted EBITDA.

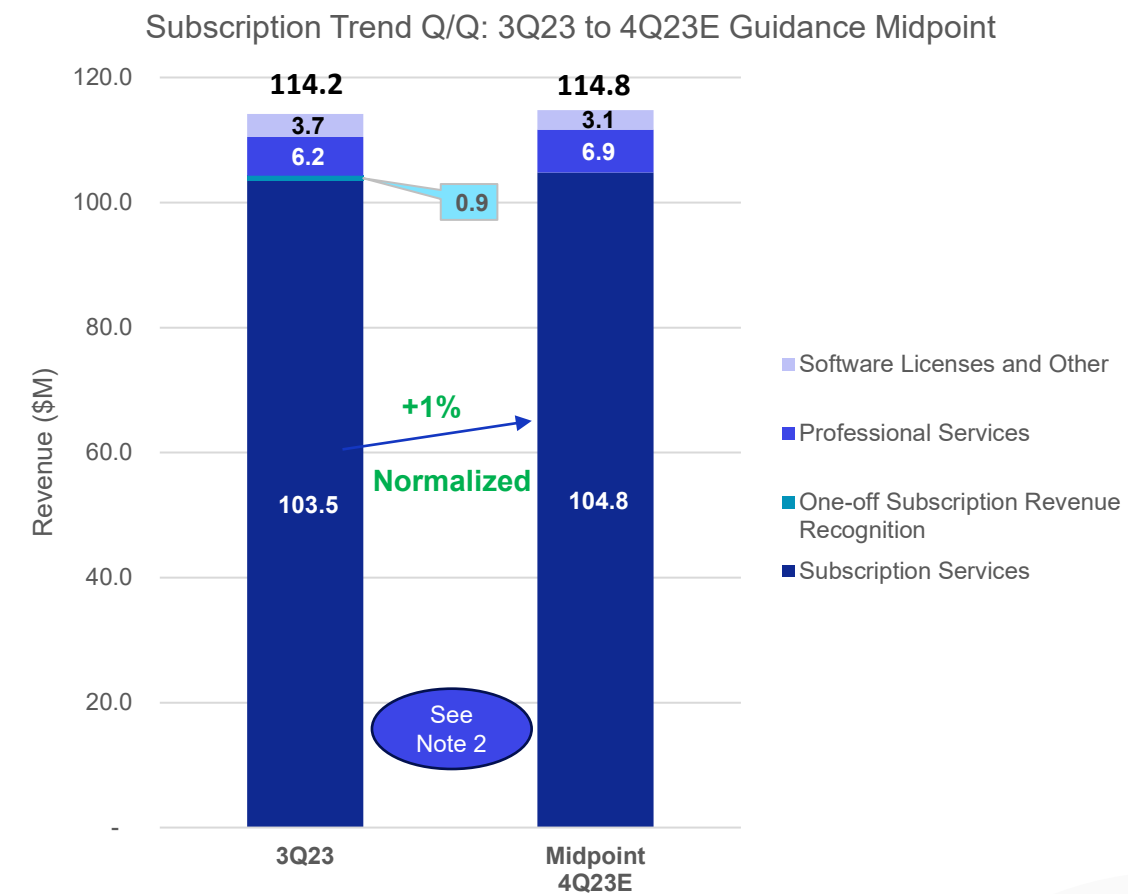
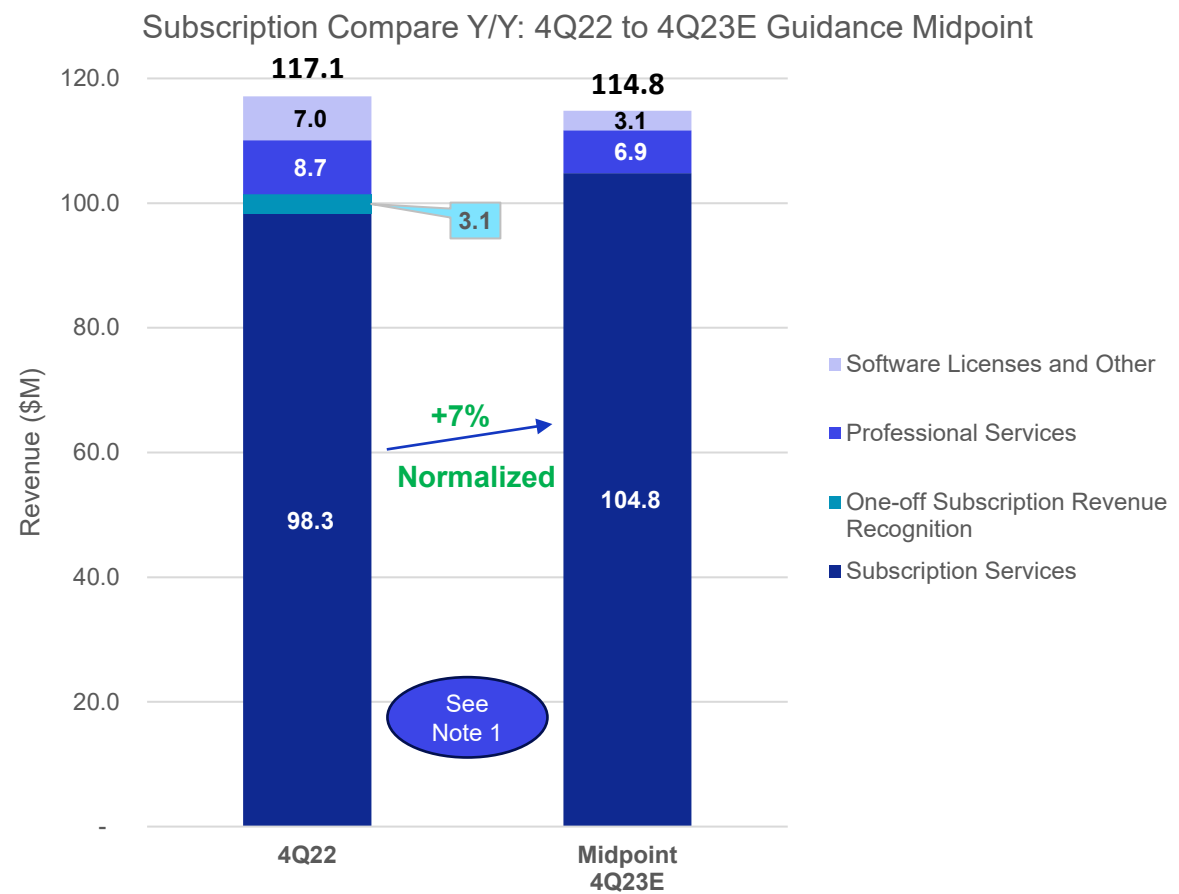
Revisions to FY23 Revenue Guidance

Revenue Mix Trajectory in FY23 Guidance (\$M)



- 1. FY23 guidance provided at Investor Day on December 13, 2022 contemplated License + PS remaining relatively flat from FY22, after two record years driven largely by country-wide alerting.
- 2. FY23 guidance provided on August 8, 2023:
 - a. **License + PS:** reduction of \$8M due to delays in large on-premise deals, driven mostly by macroeconomic factors.
 - b. **Subscription:** no change. Our average selling prices were down significantly year-over-year and more than what was contemplated in the guidance issued on December 12, 2022; however, this was offset by year-over-year improvements in gross revenue retention year-to-date.
- 3. FY23 guidance provided on November 9, 2023:
 - a. **License + PS:** reduction of a further \$2M due to delays in large on-premise deals, driven mostly by macroeconomic factors.
 - b. **Subscription:** reduction of \$1M due to renewal contractions in 3Q23, driven mostly by macroeconomic factors.

Visualizing 4Q23 Revenue Guidance



- 1. Subscription revenue of \$3.1M recognized in 4Q22 included a divestiture and revenue that is recognized on an annual basis, both of which will not be recognized in 4Q23
- 2. Similarly, 3Q23 had \$0.9M of subscription revenue recognized on an annual basis that will not be recognized in 4Q23

Key Metrics

	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23 Guidance Midpoint (\$M)
ARR (\$M)				343	353	362	370	386	388	395	399	
y/y								13%	10%	9%	8%	

Total Revenue (\$K)	82,210	86,649	96,746	102,828	100,375	102,986	111,401	117,130	108,268	110,569	114,191	114.8
y/y	40 %	33 %	36 %	36 %	22 %	19 %	15 %	14 %	8 %	7 %	3 %	(2)%
Subscription Services	70,432	79,652	86,664	90,299	91,855	94,558	96,790	101,414	98,785	101,837	104,318	104.8
y/y	31 %	34 %	36 %	37 %	30 %	19 %	12 %	12 %	8 %	8 %	8 %	3 %
Professional Services	5,940	6,459	6,467	7,156	6,541	6,024	8,006	8,681	5,929	6,251	6,186	7.0
y/y	33 %	39 %	42 %	6 %	10 %	(7)%	24 %	21 %	(9)%	4 %	(23)%	(20)%
Software Licenses & Other	5,838	538	3,615	5,373	1,979	2,404	6,605	7,035	3,554	2,481	3,687	3.1
y/y	860 %	(56)%	17 %	70 %	(66)%	347 %	83 %	31 %	80 %	3 %	(44)%	(57)%
Revenue Mix (%)												
Subscription Services	86 %	92 %	90 %	88 %	92 %	92 %	87 %	87 %	91 %	92 %	91 %	91 %
Professional Services	7 %	7 %	7 %	7 %	7 %	6 %	7 %	7 %	5 %	6 %	5 %	6 %
Software Licenses & Other	7 %	1 %	4 %	5 %	2 %	2 %	6 %	6 %	3 %	2 %	3 %	3 %

Adjusted EBITDA (\$K)	5,283	515	4,850	572	2,553	4,802	15,169	20,591	15,853	18,311	23,691	26.4
Adj. EBITDA Margin (%)	6 %	1 %	5 %	1 %	3 %	5 %	14 %	18 %	15 %	17 %	21 %	23 %
Adjusted Free Cash Flow (\$K)	15,501	(9,040)	(7,529)	3,509	1,525	(7,590)	15,397	4,574	20,009	1,570	15,498	
Adj. FCF Margin (%)	19 %	(10)%	(8)%	3 %	2 %	(7)%	14 %	4 %	18 %	1 %	14 %	

Cumulative CEM Customers	139	158	173	192	204	224	255	307	335	373	405	
Deal Metrics												
Deals over \$100K	45	60	45	66	56	63	75	80	43	50	44	
Deals over \$500K	7	8	10	5	8	12	12	4	4	1	4	
Deals over \$1M					5	4	5	1	2	0	1	

FY20	FY21	FY22	FY23 Guidance Midpoint (\$M)
------	------	------	---------------------------------------

271,141	368,433	431,892	447.8
35 %	36 %	17 %	4 %
242,651	327,047	384,617	409.7
35 %	35 %	18 %	7 %
20,410	26,022	29,252	25.3
19 %	27 %	12 %	(14)%
8,080	15,364	18,023	12.8
115 %	90 %	17 %	(29)%
89 %	89 %	89 %	92 %
8 %	7 %	7 %	6 %
3 %	4 %	4 %	3 %

8,044	11,220	43,115	84.3
3 %	3 %	10 %	19 %
2,895	2,441	13,906	
1 %	1 %	3 %	

(1) See slide 33 for a reconciliation of the most comparable metric calculated in accordance with U.S. GAAP, GAAP net income (loss) to adjusted EBITDA, and adjusted EBITDA margin to net income/(loss) margin, net cash provided by (used in) operating activities to adjusted free cash flow and net cash provided by (used in) operating activities margin to adjusted free cash flow margin

(2) For comparability purposes, adjusted EBITDA and adjusted EBITDA margin results have been recast for the three and twelve months ended December 31, 2022 to include costs related to the Anvil legal dispute and to conform to the current year presentation

Reconciliation of non-GAAP/GAAP Outlook

Dollars in millions, except share and per share data

	Three Months Ended December 31, 2023		Year Ended December 31, 2023		Year Ended December 31, 2023 Issued August 8, 2023	
	Low End	High End	Low End	High End	Low End	High End
Net loss	\$ (6.3)	\$ (5.1)	\$ (34.3)	\$ (33.1)	\$ (43.7)	\$ (41.7)
Amortization of acquired intangibles	9.1	9.1	37.1	37.1	38.0	38.0
Accretion of interest on convertible senior notes	0.9	0.9	3.0	3.0	3.3	3.3
(Gain) loss on extinguishment of debt, capped call modification and change in fair value	—	—	(12.7)	(12.7)	—	—
Anvil legal dispute accrual	—	—	8.1	8.1	—	—
2022 Strategic Realignment	4.0	4.3	14.7	15.0	11.2	11.2
Stock-based compensation	14.4	14.4	52.6	52.6	58.8	58.8
Income tax adjustments	(0.6)	(0.6)	(2.5)	(2.5)	(1.8)	(1.8)
Non-GAAP net income	\$ 21.5	\$ 23.0	\$ 66.0	\$ 67.5	\$ 65.8	\$ 67.8
Weighted average common shares outstanding:						
Basic	41,100,000	41,100,000	40,700,000	40,700,000	40,750,000	40,750,000
Diluted	44,400,000	44,400,000	44,500,000	44,500,000	44,500,000	44,500,000
Net loss per share	\$ (0.15)	\$ (0.12)	\$ (0.84)	\$ (0.81)	\$ (1.07)	\$ (1.02)
Non-GAAP net income per share	\$ 0.48	\$ 0.52	\$ 1.48	\$ 1.52	\$ 1.48	\$ 1.52
Net loss	\$ (6.3)	\$ (5.1)	\$ (34.3)	\$ (33.1)	\$ (43.7)	\$ (41.7)
Interest expense, net	(1.3)	(1.3)	(5.2)	(5.2)	(5.1)	(5.1)
Income taxes, net	1.4	1.4	2.6	2.6	5.0	5.0
Depreciation and amortization	13.4	13.4	57.7	57.7	57.8	57.8
EBITDA	7.2	8.4	20.8	22.0	14.0	16.0
(Gain) loss on extinguishment of debt, capped call modification and change in fair value	—	—	(12.7)	(12.7)	—	—
Anvil legal dispute accrual	—	—	8.1	8.1	—	—
2022 Strategic Realignment	4.0	4.3	14.7	15.0	11.2	11.2
Stock-based compensation	14.4	14.4	52.6	52.6	58.8	58.8
Adjusted EBITDA	\$ 25.6	\$ 27.1	\$ 83.5	\$ 85.0	\$ 84.0	\$ 86.0

Reconciliation of non-GAAP/GAAP

Dollars in thousands

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Cost of revenue	\$ 33,069	\$ 35,447	\$ 98,141	\$ 100,543
Amortization of acquired intangibles	(1,980)	(2,790)	(6,530)	(9,055)
Stock-based compensation	(1,285)	(1,978)	(4,757)	(4,276)
2022 Strategic Realignment	(125)	(259)	(790)	(694)
Non-GAAP cost of revenue	\$ 29,679	\$ 30,420	\$ 86,064	\$ 86,518
Gross profit	\$ 81,122	\$ 75,954	\$ 234,887	\$ 214,219
Amortization of acquired intangibles	1,980	2,790	6,530	9,055
Stock-based compensation	1,285	1,978	4,757	4,276
2022 Strategic Realignment	125	259	790	694
Non-GAAP gross profit	\$ 84,512	\$ 80,981	\$ 246,964	\$ 228,244
Sales and marketing	\$ 36,699	\$ 46,580	\$ 121,556	\$ 133,755
Stock-based compensation	(2,398)	(6,415)	(13,346)	(14,320)
2022 Strategic Realignment	(1,249)	(426)	(3,217)	(634)
Non-GAAP sales and marketing	\$ 33,052	\$ 39,739	\$ 104,993	\$ 118,801
Research and development	\$ 23,852	\$ 25,177	\$ 73,469	\$ 75,355
Stock-based compensation	(2,810)	(3,994)	(10,306)	(9,367)
2022 Strategic Realignment	(1,670)	(396)	(2,810)	(609)
Non-GAAP research and development	\$ 19,372	\$ 20,787	\$ 60,353	\$ 65,379
General and administrative	\$ 31,204	\$ 23,357	\$ 80,633	\$ 72,786
Amortization of acquired intangibles	(6,999)	(7,538)	(21,458)	(24,073)
Stock-based compensation	(2,105)	(5,020)	(9,768)	(11,739)
2022 Strategic Realignment	(579)	(106)	(1,125)	(2,102)
Anvil legal dispute accrual	(8,064)	—	(8,064)	—
Change in fair value of contingent consideration	—	—	—	57
Non-GAAP general and administrative	\$ 13,457	\$ 10,693	\$ 40,218	\$ 34,929
Total operating expenses	\$ 93,864	\$ 95,151	\$ 278,452	\$ 288,675
Amortization of acquired intangibles	(6,999)	(7,538)	(21,458)	(24,073)
Stock-based compensation	(7,313)	(15,429)	(33,420)	(35,426)
2022 Strategic Realignment	(5,607)	(965)	(9,946)	(10,124)
Anvil legal dispute accrual	(8,064)	—	(8,064)	—
Change in fair value of contingent consideration	—	—	—	57
Non-GAAP operating expenses	\$ 65,881	\$ 71,219	\$ 205,564	\$ 219,109
Operating loss	\$ (12,742)	\$ (19,197)	\$ (43,565)	\$ (74,456)
Amortization of acquired intangibles	8,979	10,328	27,988	33,128
Stock-based compensation	8,598	17,407	38,177	39,702
2022 Strategic Realignment	5,732	1,224	10,736	10,818
Anvil legal dispute accrual	8,064	—	8,064	—
Change in fair value of contingent consideration	—	—	—	(57)
Non-GAAP operating income	\$ 18,631	\$ 9,762	\$ 41,400	\$ 9,135

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income (loss)	\$ 1,683	\$ (22,080)	\$ (28,015)	\$ (77,335)
Amortization of acquired intangibles	8,979	10,328	27,988	33,128
Stock-based compensation	8,598	17,407	38,177	39,702
2022 Strategic Realignment	5,714	1,227	10,718	10,821
Anvil legal dispute accrual	8,064	—	8,064	—
Change in fair value of contingent consideration	—	—	—	(57)
Accretion of interest on convertible senior notes	684	1,168	2,122	3,492
(Gain) loss on extinguishment of debt, capped call modification and change in fair value	(12,658)	4,770	(12,658)	4,770
Income tax adjustments	(841)	(510)	(1,918)	(1,321)
Non-GAAP net income	\$ 20,223	\$ 12,310	\$ 44,478	\$ 13,200

Net income (loss) per basic share ^(a)	\$ 0.04	\$ (0.56)	\$ (0.69)	\$ (1.95)
Amortization of acquired intangibles per basic share ^(b)	0.22	0.26	0.69	0.84
Stock-based compensation per basic share ^(b)	0.21	0.44	0.94	1.00
2022 Strategic Realignment per basic share ^(b)	0.14	0.03	0.26	0.27
Anvil legal dispute accrual ^(b)	0.20	—	0.20	—
Change in fair value of contingent consideration per basic share ^(b)	—	—	—	—
Accretion of interest on convertible senior notes per basic share ^(b)	0.02	0.03	0.05	0.09
(Gain) loss on extinguishment of debt, capped call modification and change in fair value per basic share ^(b)	(0.31)	0.12	(0.31)	0.12
Income tax adjustments per basic share ^(b)	(0.02)	(0.01)	(0.05)	(0.03)
Non-GAAP net income per basic share ^(b)	\$ 0.50	\$ 0.31	\$ 1.10	\$ 0.33

Net loss per diluted share ^(a)	\$ (0.23)	\$ (0.56)	\$ (0.87)	\$ (1.95)
Amortization of acquired intangibles per diluted share ^(b)	0.20	0.22	0.64	0.72
Stock-based compensation per diluted share ^(b)	0.20	0.38	0.87	0.86
2022 Strategic Realignment per diluted share ^(b)	0.13	0.03	0.24	0.24
Anvil legal dispute accrual ^(b)	0.18	—	0.18	—
Change in fair value of contingent consideration per diluted share ^(b)	—	—	—	—
Accretion of interest on convertible senior notes per diluted share ^(b)	0.02	0.03	0.05	0.08
(Gain) loss on extinguishment of debt, capped call modification and change in fair value per diluted share ^(b)	(0.29)	0.10	(0.29)	0.10
Income tax adjustments per diluted share ^(b)	(0.02)	(0.01)	(0.04)	(0.03)
Non-GAAP net income per diluted share ^(b)	\$ 0.46	\$ 0.27	\$ 1.01	\$ 0.29

^(a) GAAP weighted-average common shares outstanding:

Basic	40,782,696	39,746,242	40,537,922	39,583,684
Diluted	43,844,334	39,746,242	43,734,429	39,583,684

^(b) Non-GAAP weighted-average common shares outstanding:

Basic	40,782,696	39,746,242	40,537,922	39,583,684
Diluted	44,007,708	46,061,330	43,907,925	45,957,546

Reconciliation of non-GAAP/GAAP

Dollars in thousands, except per share data

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income (loss)	\$ 1,683	\$ (22,080)	\$ (28,015)	\$ (77,335)
Interest and investment expense, net	(1,416)	(742)	(3,904)	1,124
Provision for (benefit from) income taxes	(924)	25	1,185	(1,754)
Depreciation and amortization	14,630	14,562	44,288	45,253
EBITDA	13,973	(8,235)	13,554	(32,712)
Stock-based compensation	8,598	17,407	38,177	39,702
2022 Strategic Realignment	5,714	1,227	10,718	10,821
Anvil legal dispute accrual	8,064	—	8,064	—
Change in fair value of contingent consideration	—	—	—	(57)
(Gain) loss on extinguishment of debt, capped call modification and change in fair value	(12,658)	4,770	(12,658)	4,770
Adjusted EBITDA	\$ 23,691	\$ 15,169	\$ 57,855	\$ 22,524
Net cash provided by operating activities	\$ 17,009	\$ 18,035	\$ 42,954	\$ 15,813
Capital expenditures	(1,945)	(225)	(4,124)	(2,951)
Capitalized software development costs	(4,835)	(4,173)	(12,704)	(11,609)
Free cash flow	10,229	13,637	26,126	1,253
Cash payments for 2022 Strategic Realignment	5,269	1,760	10,951	8,079
Adjusted free cash flow	\$ 15,498	\$ 15,397	\$ 37,077	\$ 9,332
Net income (loss) margin	1.5 %	(19.8)%	(8.4)%	(24.6)%
Interest and investment expense, net margin	(1.2)%	(0.7)%	(1.2)%	0.4 %
Provision for (benefit from) income taxes margin	(0.8)%	0.0 %	0.4 %	(0.6)%
Depreciation and amortization margin	12.8 %	13.1 %	13.3 %	14.4 %
EBITDA margin	12.2 %	(7.4)%	4.1 %	(10.4)%
Stock-based compensation margin	7.5 %	15.6 %	11.5 %	12.6 %
2022 Strategic Realignment margin	5.0 %	1.1 %	3.2 %	3.4 %
Anvil legal dispute accrual margin	7.1 %	—	2.4 %	—
Change in fair value of contingent consideration margin	—	—	—	(0.0)%
(Gain) loss on extinguishment of debt, capped call modification and change in fair value margin	(11.1)%	4.3 %	(3.8)%	1.5 %
Adjusted EBITDA margin	20.7 %	13.6 %	17.4 %	7.2 %

(margin % columns may not add up due to rounding)

Reconciliation of non-GAAP/GAAP

Dollars in thousands

	Three Months Ended					
	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023
Operating expenses	\$ 105,813	\$ 95,151	\$ 92,466	\$ 91,679	\$ 92,909	\$ 93,864
Amortization of acquired intangibles	(8,148)	(7,538)	(7,252)	(7,263)	(7,196)	(6,999)
Stock-based compensation	(14,742)	(15,429)	(6,568)	(11,794)	(14,313)	(7,313)
2022 Strategic Realignment	(9,159)	(965)	(6,280)	(2,064)	(2,275)	(5,607)
Anvil legal dispute accrual	—	—	(1,000)	—	—	(8,064)
Change in fair value of contingent consideration	5	—	—	—	—	—
Non-GAAP operating expenses	<u>\$ 73,769</u>	<u>\$ 71,219</u>	<u>\$ 71,366</u>	<u>\$ 70,558</u>	<u>\$ 69,125</u>	<u>\$ 65,881</u>
Operating expenses margin	103 %	85 %	79 %	85 %	84 %	82 %
Amortization of acquired intangibles margin	(8)%	(7)%	(6)%	(7)%	(7)%	(6)%
Stock-based compensation margin	(14)%	(14)%	(6)%	(11)%	(13)%	(6)%
2022 Strategic Realignment margin	(9)%	(1)%	(5)%	(2)%	(2)%	(5)%
Anvil legal dispute accrual margin	—	—	(1)%	—	—	(7)%
Change in fair value of contingent consideration margin	0 %	—	—	—	—	—
Non-GAAP operating expenses margin	<u>72 %</u>	<u>64 %</u>	<u>61 %</u>	<u>65 %</u>	<u>63 %</u>	<u>58 %</u>

(margin % columns may not add up due to rounding)

For comparability purposes, non-GAAP operating expenses and non-GAAP operating expenses margin results have been recast for the three months ended December 31, 2022 to include costs related to the Anvil legal dispute and to conform to the current year presentation.

Reconciliation of non-GAAP/GAAP

Dollars in thousands

	Three Months Ended											Three Months Ended	Twelve Months Ended			Twelve Months Ended
	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023 Guidance Midpoint (\$M)	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023 Guidance Midpoint (\$M)
Net income (loss)	\$ (21,789)	\$ (33,821)	\$ (28,678)	\$ (10,508)	\$ (19,073)	\$ (36,182)	\$ (22,080)	\$ 16,161	\$ (14,648)	\$ (15,050)	\$ 1,683	\$ (5.7)	\$ (93,396)	\$ (94,796)	\$ (61,174)	\$ (33.7)
Interest and investment expense, net	6,427	9,555	9,709	9,868	1,238	628	(742)	(1,715)	(968)	(1,520)	(1,416)	(1.3)	22,082	35,559	(591)	(5.2)
Provision for (benefit from) income taxes	(5,813)	(3,787)	(745)	(2,234)	(1,078)	(701)	25	(644)	842	1,267	(924)	1.4	(2,267)	(12,579)	(2,398)	2.6
Depreciation and amortization	10,843	13,011	14,226	15,088	15,434	15,257	14,562	15,347	14,774	14,884	14,630	13.4	30,759	53,168	60,600	57.7
Stock-based compensation	12,685	15,505	17,441	(1,536)	6,084	16,211	17,407	7,918	13,449	16,130	8,598	14.4	46,755	44,095	47,620	52.6
2022 Strategic Realignment	—	—	—	—	—	9,594	1,227	6,537	2,404	2,600	5,714	4.2	—	—	17,358	14.9
Anvil legal dispute accrual	—	—	—	—	—	—	—	1,000	—	—	8,064	—	—	—	1,000	8.1
Change in fair value of contingent consideration	42	15	(7,103)	—	(52)	(5)	—	—	—	—	—	—	3,665	(7,046)	(57)	—
(Gain) loss on extinguishment of debt, capped call modification and change in fair value	2,888	37	—	(10,106)	—	—	4,770	(24,013)	—	—	(12,658)	—	446	(7,181)	(19,243)	(12.7)
Adjusted EBITDA	\$ 5,283	\$ 515	\$ 4,850	\$ 572	\$ 2,553	\$ 4,802	\$ 15,169	\$ 20,591	\$ 15,853	\$ 18,311	\$ 23,691	\$ 26.4	\$ 8,044	\$ 11,220	\$ 43,115	\$ 84.3
Net income (loss) margin	(27)%	(39)%	(30)%	(10)%	(19)%	(35)%	(20)%	14 %	(14)%	(14)%	1 %	(5)%	(34)%	(26)%	(14)%	(8)%
Interest and investment expense, net margin	8 %	11 %	10 %	10 %	1 %	1 %	(1)%	(1)%	(1)%	(1)%	(1)%	(1)%	8 %	10 %	—	(1)%
Provision for (benefit from) income taxes margin	(7)%	(4)%	(1)%	(2)%	(1)%	(1)%	—	(1)%	1 %	1 %	(1)%	1 %	(1)%	(3)%	(1)%	1 %
Depreciation and amortization margin	13 %	15 %	15 %	15 %	15 %	15 %	13 %	13 %	14 %	13 %	13 %	12 %	11 %	14 %	14 %	13 %
Stock-based compensation margin	15 %	18 %	18 %	(1)%	6 %	16 %	16 %	7 %	12 %	15 %	8 %	13 %	17 %	12 %	11 %	12 %
2022 Strategic Realignment margin	—	—	—	—	—	9 %	1 %	6 %	2 %	2 %	5 %	4 %	—	—	4 %	3 %
Anvil legal dispute accrual margin	—	—	—	—	—	—	—	1 %	—	—	7 %	—	—	—	—	2 %
Change in fair value of contingent consideration margin	—	—	(7)%	—	—	—	—	—	—	—	—	—	1 %	(2)%	—	—
(Gain) loss on extinguishment of debt, capped call modification and change in fair value margin	4 %	—	—	(10)%	—	—	4 %	(21)%	—	—	(11)%	—	—	(2)%	(4)%	(3)%
Adjusted EBITDA margin	6 %	1 %	5 %	1 %	3 %	5 %	14 %	18 %	15 %	17 %	21 %	23 %	3 %	3 %	10 %	19 %
Net cash provided by (used in) operating activities	\$ 19,808	\$ (5,137)	\$ (2,690)	\$ 10,212	\$ 7,702	\$ (9,924)	\$ 18,035	\$ 4,354	\$ 20,575	\$ 5,370	\$ 17,009		\$ 15,803	\$ 22,193	\$ 20,167	
Capital expenditures	(1,812)	(316)	(2,042)	(885)	(1,847)	(879)	(225)	(511)	(575)	(1,604)	(1,945)		(3,257)	(5,055)	(3,462)	
Capitalized software development costs	(2,495)	(3,587)	(2,797)	(5,818)	(4,330)	(3,106)	(4,173)	(3,456)	(4,112)	(3,757)	(4,835)		(9,651)	(14,697)	(15,065)	
Cash payments for 2022 Strategic Realignment	—	—	—	—	—	6,319	1,760	4,187	4,121	1,561	5,269		—	—	12,266	
Adjusted free cash flow	\$ 15,501	\$ (9,040)	\$ (7,529)	\$ 3,509	\$ 1,525	\$ (7,590)	\$ 15,397	\$ 4,574	\$ 20,009	\$ 1,570	\$ 15,498		\$ 2,895	\$ 2,441	\$ 13,906	
Net cash provided by (used in) operating activities margin	24 %	(6)%	(3)%	10 %	8 %	(10)%	16 %	4 %	19 %	5 %	15 %		6 %	6 %	5 %	
Capital expenditures margin	(2)%	—	(2)%	(1)%	(2)%	(1)%	—	—	(1)%	(1)%	(2)%		(1)%	(1)%	(1)%	
Capitalized software development costs margin	(3)%	(4)%	(3)%	(6)%	(4)%	(3)%	(4)%	(3)%	(4)%	(3)%	(4)%		(4)%	(4)%	(3)%	
Cash payments for 2022 Strategic Realignment margin	—	—	—	—	—	6 %	2 %	4 %	4 %	1 %	5 %		—	—	3 %	
Adjusted free cash flow margin	19 %	(10)%	(8)%	3 %	2 %	(7)%	14 %	4 %	18 %	1 %	14 %		1 %	1 %	3 %	

For comparability purposes, adjusted EBITDA and adjusted EBTIDA margin results have been recast for the three and twelve months ended December 31, 2022 to include costs related to the Anvil legal dispute and to conform to the current year presentation.

Reconciliation of non-GAAP/GAAP

Dollars in millions

For the Twelve Months Ended

December 31,

	2017	2018	2019	2020	2021	2022
Net loss	\$ (19.6)	\$ (47.5)	\$ (52.3)	\$ (93.4)	\$ (94.8)	\$ (61.2)
Interest and investment expense, net	0.2	4.5	3.0	22.1	35.6	(0.6)
Income taxes, net	—	0.8	0.4	(2.3)	(12.6)	(2.4)
Depreciation and amortization	10.2	13.7	19.7	30.8	53.2	60.6
Stock-based compensation	9.3	25.8	33.5	46.8	44.1	47.6
2022 Strategic Realignment	—	—	—	—	—	17.4
Anvil legal dispute accrual	—	—	—	—	—	1.0
Change in fair value of contingent consideration	(1.0)	(0.3)	(0.6)	3.7	(7.1)	(0.1)
(Gain) loss on extinguishment of debt	—	—	1.4	0.3	(7.2)	(19.2)
Adjusted EBITDA	\$ (0.9)	\$ (3.0)	\$ 5.1	\$ 8.0	\$ 11.2	\$ 43.1
Net cash from operating activities	\$ 4.9	\$ 3.3	\$ 10.3	\$ 15.8	\$ 22.2	\$ 20.2
Capital expenditures	(1.7)	(1.7)	(5.3)	(3.3)	(5.1)	(3.5)
Capitalized software development costs	(6.2)	(8.5)	(7.8)	(9.6)	(14.7)	(15.1)
Free cash flow	(3.0)	(6.9)	(2.8)	2.9	2.4	1.6
Cash payments for 2022 Strategic Realignment	—	—	—	—	—	12.3
Adjusted free cash flow	\$ (3.0)	\$ (6.9)	\$ (2.8)	\$ 2.9	\$ 2.4	\$ 13.9
Net loss margin	(18.8)%	(32.3)%	(26.0)%	(34.4)%	(25.7)%	(14.2)%
Interest and investment expense, net margin	0.2%	3.1%	1.5%	8.1%	9.7%	(0.1)%
Income taxes, net margin	—	0.5%	0.2%	(0.8)%	(3.4)%	(0.6)%
Depreciation and amortization margin	9.8%	9.3%	9.8%	11.3%	14.4%	14.0%
Stock-based compensation margin	8.9%	17.6%	16.7%	17.2%	12.0%	11.0%
2022 Strategic Realignment	—	—	—	—	—	4.0%
Anvil legal dispute accrual	—	—	—	—	—	0.2%
Change in fair value of contingent consideration margin	—	—	(0.3)%	1.4%	(1.9)%	—
(Gain) loss on extinguishment of debt margin	—	—	0.7%	0.2%	(1.9)%	(4.5)%
Adjusted EBITDA margin	0.1%	(1.8)%	2.6%	3.0%	3.0%	10.0%

(margin % columns may not add up due to rounding)



Thank you

Investor Contact

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