

EVERBRIDGE EUROPE LIMITED

**DIRECTORS' REPORT AND FINANCIAL
STATEMENTS**

**FOR THE YEAR ENDED
31 DECEMBER 2022**

EVERBRIDGE EUROPE LIMITED

COMPANY INFORMATION

Directors	G Kellaway E Mark (resigned 15 February 2023) P Brickley (appointed 15 February 2023)
Company secretary	G Kellaway
Registered number	03621410
Registered office	17 Grosvenor Street Mayfair London W1K 4QG
Independent auditors	Creaseys Group Limited Brockbourne House 77 Mount Ephraim Tunbridge Wells Kent TN4 8BS

EVERBRIDGE EUROPE LIMITED

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STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The principal activity of the Company continued to be that of empowering organizations to anticipate, mitigate, respond to, and ultimately emerge stronger from critical events with the industry's only end-to-end critical event management platform. The Company delivers reliability, security and compliance, creating measurable business advantage for customers with the objective of keeping people safe and organizations running.

Business review

The Company is part of the group owned by Everbridge Inc., a company incorporated in the United States of America. The results of the group are included in the consolidated financial statements of Everbridge Inc. which are available from 25 Corporate Drive, 4th Floor, Burlington, MA 01803.

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. Boston Consulting Group defines resilience as 'a company's capacity to absorb stress, recover critical functionality, and thrive in altered circumstances.'

During public safety threats including severe weather conditions, active shooter situations, terrorist attacks or a pandemic, as well as critical business events such as Information Technology outages, cyber-attacks, product recalls or supply-chain interruptions, over 6,500 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. Everbridge's 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. Everbridge applications leverage our 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.

The group customer base has grown from 867 customers at the end of 2011 to more than 6,500 customers as of December 31, 2022. As of December 31, 2022, our customers were based in over 82 countries and included the majority of FORTUNE 50 businesses, and many of the largest cities, airports, health systems, manufacturers, and universities around the world. We provide our applications to customers of varying sizes, including enterprises, small businesses, non-profit organizations, educational institutions and governmental agencies. The group customer base 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.

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STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

The group derives most of our revenue from subscriptions to our critical communications applications. 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.

Through our CEM platform, we deliver reliable enterprise-ready applications that provide organizations with the ability to assess threats, locate people, automate actions, monitor incident response, and deliver contextual communications in any volume, in near-real time. We have designed our applications' user interface to be easy to use. We understand that since some of our applications will be utilized to manage complex situations or to send large volumes of messages to key stakeholders during stressful situations, streamlining the user interface to reduce user errors and anxiety is essential. We conduct extensive usability testing and design reviews with our stakeholders, and have applied in our designs the lessons learned over more than a decade of working with critical communications users and professionals.

Our applications enable:

- Communications to key stakeholders during emergency situations.
- Corporate communications with customers and employees.
- Automated outreach to on-call personnel.
- Integrated threat assessment and visualization.
- Integration of physical security data with location awareness data gathered from travel, network and access systems to rapidly find and communicate with employees during disruptive events.
- Securely designed and efficiently implemented communications among healthcare providers and patients.
- Community engagement and collaboration with citizens and businesses.
- Critical IoT communications between machines and from machines to people.
- Mobile response plan deployment and management of incidence response.

Our Critical Event Management solutions include:

Business Operations

The environment in which businesses operate is becoming more and more complex. Critical events such as COVID-19, severe weather, civil unrest and supply chain disruption impact the resilience of businesses. Everbridge Business Operations helps businesses prepare for, and respond to, critical events, protecting facilities and business operations. Built on Everbridge's industry-leading CEM platform, businesses can detect potential risks which might impact business operations and orchestrate a response in seconds across teams as well as digital and physical systems.

People Resilience

The increasing frequency of critical events such as severe weather, global pandemic and civil unrest over the past few years has challenged many organizations to extend their duty of care responsibilities beyond traditional safety and security in the workplace to include health and wellness of people. At the same time the scope of those responsibilities has moved beyond the traditional office and plant-based work model to work in motion where an employee could be working in the office, at home, in the field, or travelling. Everbridge People Resilience helps businesses prepare for, and respond to, critical events, keeping people healthy, safe, and productive wherever they work or travel around the globe. Built on Everbridge's industry-leading CEM platform, businesses can detect potential threats that might impact people, and orchestrate a rapid response across teams as well as digital and physical systems.

Digital Operations

The Everbridge Digital Operations Platform goes one step beyond signal enrichment by combining signals from multiple monitoring tools into a relevant context that provides resolvers with clear situational awareness. Massive growth in digital service has both empowered businesses and exposed new vulnerabilities which expands the possibility of threats. A digital operations platform enables agile service delivery models, providing resiliency for IT systems in an increasingly virtual world. Organizations now consider great customer experiences imperative to their business and are pivoting towards streamlining and automating digital operations. As a result, service uptime is crucial to delivering that experience. Through event correlation, incident suppression, signal enrichment, context-rich categorization, and prioritization, organizations can monitor issues and react before an incident becomes a business problem. The Everbridge Digital Operations Platform enables customers to automate remedial actions based on previous incident resolution. Automating digital operations allows teams to open fewer tickets and spend less time chasing or reinventing the same resolution, leading to faster Mean Time to Repair ("MTTR") and more time for innovation.

Smart Security

Everbridge Smart Security helps organizations maintain control of their security by identifying threats to their people or assets and orchestrating a rapid response across teams and systems, all within an easy-to-use common platform. Theft, vandalism, violence, civil unrest, terrorism, and natural disasters are just some of the critical events security practitioners are faced with today. Keeping people safe and assets secure in the face of ever-increasing and ever-more diverse threats is a constant challenge for many organizations. Operations also continue to grow, involving more systems, more users, and much more data. All of this can be difficult to manage and costly to control. When a critical event unfolds and information floods an organization, it needs to get the right information to the right people at the right time to protect its people and their assets and to ensure operational continuity.

Public Safety

Public Safety harnesses the ability to monitor critical events, alert the population, and mobilize a coordinated response across multiple agencies. The frequency of natural and human-made disasters is on the rise, and simultaneously, monitoring, collaborating, and communicating during incidents is becoming increasingly complex. For over 20 years, we have partnered with governments worldwide. From fires or floods to terrorist attacks, we have monitored potential hazards to help governments prepare and respond to incidents, and effectively provide the right people with the right information. Be it a country-wide emergency or a neighbourhood outage, communities rely on Everbridge to keep them informed and safe.

We also have expanded our CEM platform through a series of acquisitions, including Red Sky Technologies Inc. ("RedSky"), xMatters Holdings, Inc. ("xMatters") and The Anvil Group (International) Limited, Anvil Worldwide Limited and The Anvil Group Limited (collectively, "Anvil").

With enterprise grade redundancy, scalability and uptime, the Everbridge platform has the ability to reach residents and visitors in almost all of the world's countries and territories.

Technology

The design and development of our applications, and our critical communication and critical event management platforms include the following key attributes:

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STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Robust, Enterprise-Grade Scalability and Reliability

Given the mission-critical nature of our solutions, our multi-tenant platform was designed to provide a robust, high level of resiliency, scalability and redundancy. We use multiple geographically distributed service providers and communications carriers to achieve a high degree of redundancy, fault tolerance and cost-effective operations. We have multiple layers of redundancy and a horizontal scaling model across our infrastructure to deliver high availability and performance. Similarly, we leverage redundant downstream communications providers to enable our services to remain uninterrupted even if a particular provider encounters technical difficulties.

Multi-Modal, Globally Local Communications Delivery

We optimize international call routing across hundreds of telecommunications providers to enable higher voice quality, improved delivery rates during emergencies and the ability to configure local caller IDs to improve recognition and answer rates. We also work with multiple SMS providers to identify regulatory hurdles and deploy and actively manage an optimal mix of national and international SMS codes to ensure high delivery and response rates.

Security and Compliance

Our solutions received designation under the SAFETY Act, and certification by U.S. Department of Homeland Security that places us on the approved product list for homeland security. Our Everbridge Suite solution also achieved authorization under FedRAMP in 2018, that required satisfying a rigorous security and risk management review process and which we believe provides an advantage for selling into the U.S. federal sector. In 2019, our Critical Event Management platform received ISO 27001 certification and also received C5 accreditation under the Federal Office for Information Security in Germany.

Hybrid Infrastructure

To provide highly scalable and global solutions, we employ redundant, geographically diverse production implementations of our platform infrastructure in multiple SOC 2-compliant data centre facilities in North America and Europe. Within each data centre, we utilize a hybrid-cloud architecture that enables us to leverage both proprietary and third-party infrastructure services to enable "on-demand" capacity and performance without substantial upfront investment. Our architecture enables our platform to dynamically determine the best location from which to deliver critical communications on behalf of our customers and solves many international communications delivery challenges by utilizing in-country or in-region telephony, messaging and data communication providers. Our infrastructure is continuously maintained and monitored by dedicated engineers based in redundant network operations centres in the Los Angeles and Boston areas.

Dynamic Location Detection

Our platform can create and update dynamic data sets containing a contact's last-known location, including the airport, street, building floor or conference room at which the contact was most recently present. Multiple data sources can be aggregated including building access control and badging systems, wired and wireless network access points, and corporate travel management and office hoteling systems. These data are used to best locate a contact in an emergency or critical business situation, independent of the contact's home or office location. Contacts can also share their location via a three-in-one mobile panic button application, which sends a panic message to the applicable organization's security team, and also includes the ability to send audio and video content, to check-in to capture and report geo-location data and to establish a safe corridor through a potentially unsafe area.

Comprehensive Customer Support Services

We are committed to the success of our customers. We demonstrate this commitment by offering a comprehensive set of support services to help our customers get started quickly, follow best practices, and realize on-going value from our critical communications solution. Our support services include:

Rapid Onboarding

We leverage a proven methodology and domain expertise, honed through thousands of customer on-boardings worldwide, to enable rapid use of our platform and compliance with industry best practices. The average implementation time for standard implementations for new customers purchasing our solutions is 5.5 hours.

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STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Everbridge University

We offer online education, training and professional development through Everbridge University, with role-based training modules that can be customized to meet a customer's needs and that can facilitate formalized knowledge transfer and ensure ongoing self-sufficiency.

Dedicated Account Management

We assign dedicated account managers to all customers. Account managers perform regular service reviews and post-incident analyses of customer communications to incorporate communication best practices and recommend additional applications to meet the customer's critical communications needs.

24/7 Technical Support & Emergency Live Operator Service

We have established geographically redundant technical support centres in the Los Angeles, California; Boston, Massachusetts; and London, United Kingdom areas. From these support centres, we offer our customers 24/7 support by phone, email or through our online support centre. In addition, our support centres offer a 24/7 emergency live operator service to assist customers with sending critical communications.

Premium Support Services

With an understanding of the critical role that our solution plays, we have assembled an expert professional services organization to deliver premium support service packages to our customers. Our professional services team includes certified emergency management and critical communications practitioners. We believe that we help customers achieve faster time-to-value by providing on-site project management, consultation with a certified critical communications professional, creation of client-specific message and scenarios, development of ad-hoc report templates and on-site emergency and incident management reviews.

Everbridge Europe Limited is a critical entity based in the United Kingdom and part of the Everbridge larger global group.

Principal risks and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks. These include global trading conditions, technological advancement, credit and currency risk. Further risks that the group face are as follows:

- COVID-19 - the directors continue to monitor the effects of the COVID-19 pandemic and continues to follow government guidelines on the matter. The group continues to mitigate the risk to employees by following government advice in each geographical location in which it operates.
- Brexit - The directors are continually monitoring post-Brexit trading and due to the mainland Europe presence that the group holds, they do not consider there to be any long term adverse effects to business.
- Economic downturn - Management acknowledges the importance of maintaining close relationships with its key customers in order to be able to identify the early signs of potential financial difficulties. Sales trends in the group's major markets are constantly reviewed to enable early action to be taken in the event of sales declining.
- Competitor pressure - The market in which the group operates is considered to be relatively competitive, and therefore competitor pressure could result in losing sales to key competitors. The group manages this risk by providing quality technical solutions and maintaining strong relationships with its key customers.
- Reliance on key suppliers - The group's purchasing activities could expose it to over reliance on certain suppliers and inflationary pricing pressure. The group manages this risk by ensuring there is enough breadth in its supplier base and by constantly seeking to find potential alternative suppliers that may be used, if necessary.

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STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

- Loss of key personnel - This would present significant operational difficulties for the group. Management seek to ensure that key personnel are appropriately remunerated to ensure that good performance is recognised.
- Liquidity risk - The directors are aware that cash flow is the group's biggest risk to its ability to continue as a going concern. The group addresses cash flow by carefully managing its working capital inflows and outflows and works closely with the finance providers to manage these risks, along with obtaining financial support from the company's parent undertaking Everbridge Inc.
- Currency risk - The group's principal foreign currency exposure arises from trading with overseas companies. Group policy allows, but does not demand, that these exposures may be hedged in order to fix the cost in sterling.
- Credit risk - Credit risk arises from transactions with third party customers. The group has policies which require appropriate credit checks on potential customers and regularly reviews the utilisation of individual customer credit limits.

Financial key performance indicators

	2022	2021	Variance
Revenue	£16,276,565	£13,878,968	17%
Bookings	\$8,615,570	\$7,923,287	9%

The revenue increased by 17% year on year between 2021 and 2022. New business and bookings increased by 9% year on year with an improved performance from the previous year due to a recovery from COVID-19 and for customers being less cautious than last year with investments. Headcount decreased by 13% overall during the year and decreased in the sales team and supporting functions by 5% primarily due a strategic realignment within the organization.

On May 3, 2022, Everbridge Inc. Board of Directors 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, including brand refresh initiatives across the group. On November 2, 2022, the same Board of Directors approved an amendment to the 2022 Strategic Realignment program to include additional targeted realignment and reduction of headcount and other third-party spend. The 2022 Strategic Realignment is expected to be substantially completed by the end of fiscal 2023.

These KPI's provide information on growth and sales productivity specific to the International Sales team. These KPI's are generated quarterly and are included in the overall quarterly KPI Report compiled for Everbridge Inc and its subsidiaries.

Going concern

Everbridge Europe Limited operates primarily in a sales and support capacity for Everbridge. We acknowledge the Company runs at a loss as there is no reason to generate a profit at the subsidiary level given that it is a support operation for the ultimate parent company Everbridge, Inc. The increased in costs comparative to revenue in the current period is related to the recent period of growth and expansion through acquisition and it is now followed by a time of consolidating the new assets as part of an ongoing group reorganisation project. Everbridge Inc. confirms that it will continue to provide financial support for Everbridge Europe Limited and stand behind all obligations of the Company.

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STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Other key performance indicators

	2022	2021
Head Count	142	118

Directors' statement of compliance with duty to promote the success of the Company

This section forms our Section 172 disclosure, describing how, the Directors considered the matters set out in section 172(1)(a) to (f) of the Companies Act 2006. The Directors also took into account the views and interests of a wider set of stakeholders, including regulators.

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the company and its group for the benefit of its stakeholders, and in doing so had regard, amongst other matters, to:

- the likely consequences of any decision in the long term;
- the need to foster business relationships with suppliers, customers and others;
- the impact of the group's operations on the community and the environment;
- the desirability of the group maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

The Board of directors has identified the following key stakeholders to be considered in their decisions during the year.

Shareholders

The Company's ultimate parent corporation is Everbridge, Inc. based in Burlington, Massachusetts and listed on the NASDAQ. The Board works closely with the board of Everbridge, Inc. in meeting the goals of the group as a whole, along with those of the company and its group.

Employees

The board encourages employee engagement through forums on site and internationally, surveys, briefings and grant awards to employees to drive staff decisions directly impacting the working environment. Employee safety has been and remains of paramount importance in ensuring appropriate measures have been put into place as a result of the COVID-19 pandemic.

Suppliers

Suppliers are a critical link in the overall supply chain for the company, providing a source of value, consistency of quality and service and opportunity for innovation to meet the group's business needs. The Company uses regular reviews for two-way engagement for performance improvement or development of the group's products.

Customers

Engagement with customers drives alignment with their values, strategies and priorities and strategic partnerships to help ensure business sustainability and growth. The Company has regular communication and review meetings to agree short, medium and long term goals to develop relationships and ensure continuous improvement.

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STRATEGIC REPORT (CONTINUED)
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Regulatory bodies - Government

The group's products are playing a major role in the government's regulatory bodies' intentions for business resilience and perseverance in their day-to-day operations as well - with this the group makes sure to be up to date with the latest data security and anti-fraud policies to make sure data management regarding all the group's products is impeccable.

With this the company aim to enhance business knowledge and compliance. The Company is also working closely together with the government of certain countries to ensure compliance with R&D activity policies as the company received contributions from those countries to help maintain and improve our valuable R&D processes.

Community

To be engaged in the community is recognised as important both by employees and the board members. Employees of the group are granted additional days-off for community work or any kind of charitable activity based on their preferences.

This report was approved by the board and signed on its behalf.

G Kellaway
Director

Date: 25 August 2023

EVERBRIDGE EUROPE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £19,155,661 (2021 - loss £7,990,798).

The Company did not declare or pay a dividend in the year (2021 - £nil).

Directors

The directors who served during the year were:

G Kellaway
E Mark (resigned 15 February 2023)

Greenhouse gas emissions, energy consumption and energy efficiency action

The Company has not disclosed information in respect of greenhouse gas emissions, energy consumption and energy efficiency action as its energy consumption in the United Kingdom for the year is 40,000kWh or lower.

EVERBRIDGE EUROPE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

In February 2023, the trade and assets of the fellow group undertaking, CNL Software Limited, were hived up into Everbrige Europe Limited. The purchase price, being derived from the net assets of CNL Software Limited at the completion date is estimated to be £2,737,931.

This report was approved by the board and signed on its behalf.

G Kellaway

Director

Date: 25 August 2023

Opinion

We have audited the financial statements of Everbridge Europe Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

EVERBRIDGE EUROPE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EVERBRIDGE EUROPE LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included, but were not limited to, compliance with FRS102 (UK GAAP), the Companies Act 2006 and relevant UK taxation laws. We discussed amongst the audit engagement team the identified laws and regulations, and remained alert to any indications of non-compliance.

We understood how the Company is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Board minutes and supporting papers. We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included, but were not limited to:

- identifying and reviewing the controls in place to prevent and detect fraud;
- enquiries of management as to whether they have knowledge of any actual, suspected or alleged fraud;

discussion amongst the engagement team regarding the risk of fraud, such as opportunities and incentives for fraudulent manipulation of the financial statements;

- understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- challenging assumptions and judgements made by management in its significant accounting estimates and revenue recognition policy;
- identifying and testing journal entries, with a focus on manual journals and journals which indicated large or unusual transactions (based on our understanding of the business), and any journal entries posted with unusual dates; and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the financial statement item.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. There are inherent limitations in the audit procedures described above, and the more removed from the financial transactions, the less likely it is that we would become aware of non-compliance with laws and regulations. We are not responsible for prevention of non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EVERBRIDGE EUROPE LIMITED (CONTINUED)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jeff Fletcher BA (Hons) FCCA (Senior Statutory Auditor)

for and on behalf of

Creaseys Group Limited

Statutory Auditors

Brockbourne House
77 Mount Ephraim
Tunbridge Wells
Kent
TN4 8BS

29 August 2023

EVERBRIDGE EUROPE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

		2022	As restated
	Note	£	2021
			£
Turnover	4	16,276,565	13,878,968
Cost of sales		<u>(28,771)</u>	<u>(11,549)</u>
Gross profit		16,247,794	13,867,419
Administrative expenses		(34,526,632)	(21,819,550)
Other operating income	5	<u>601,396</u>	<u>558,173</u>
Operating loss	6	(17,677,442)	(7,393,958)
Interest payable and similar expenses	10	<u>(1,415,550)</u>	<u>(596,840)</u>
Loss before tax		(19,092,992)	(7,990,798)
Tax on loss	11	<u>(62,669)</u>	<u>-</u>
Loss for the financial year		<u>(19,155,661)</u>	<u>(7,990,798)</u>

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 18 to 32 form part of these financial statements.

EVERBRIDGE EUROPE LIMITED
REGISTERED NUMBER:03621410

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	As restated 2021 £
Fixed assets			
Tangible assets	12	162,887	223,832
Current assets			
Debtors: amounts falling due after more than one year	13	24,916	24,916
Debtors: amounts falling due within one year	13	31,902,586	16,290,303
Bank and cash balances		1,264,883	242,142
		<u>33,192,385</u>	<u>16,557,361</u>
Creditors: amounts falling due within one year	14	(65,994,906)	(33,314,363)
Net current liabilities		<u>(32,802,521)</u>	<u>(16,757,002)</u>
Total assets less current liabilities		<u>(32,639,634)</u>	<u>(16,533,170)</u>
Creditors: amounts falling due after more than one year	15	(311,877)	(125,768)
Provisions for liabilities			
Other provisions	16	(172,481)	(139,226)
		<u>(172,481)</u>	<u>(139,226)</u>
Net liabilities		<u>(33,123,992)</u>	<u>(16,798,164)</u>
Capital and reserves			
Called up share capital	17	1,000	1,000
Other reserves	18	7,788,788	4,958,955
Profit and loss account	18	(40,913,780)	(21,758,119)
		<u>(33,123,992)</u>	<u>(16,798,164)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

G Kellaway
 Director

Date: 25 August 2023

The notes on pages 18 to 32 form part of these financial statements.

EVERBRIDGE EUROPE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021 (as previously stated)	1,000	4,099,023	(11,316,928)	(7,216,905)
Prior year adjustment - see note 21.	-	-	(2,450,393)	(2,450,393)
At 1 January 2021 (as restated)	1,000	4,099,023	(13,767,321)	(9,667,298)
Comprehensive income for the year				
Loss for the year	-	-	(7,990,798)	(7,990,798)
Share based payments	-	1,407,976	-	1,407,976
Shares withheld related to net share settlement of stock award	-	(548,044)	-	(548,044)
At 1 January 2022 (as previously stated)	1,000	4,958,955	(18,982,666)	(14,022,711)
Prior year adjustment - see note 21.	-	-	(2,775,453)	(2,775,453)
At 1 January 2022 (as restated)	1,000	4,958,955	(21,758,119)	(16,798,164)
Comprehensive income for the year				
Loss for the year	-	-	(19,155,661)	(19,155,661)
Share based payments	-	2,906,019	-	2,906,019
Shares withheld related to net share settlement of stock award	-	(537,187)	-	(537,187)
Capital contributions	-	461,001	-	461,001
At 31 December 2022	<u>1,000</u>	<u>7,788,788</u>	<u>(40,913,780)</u>	<u>(33,123,992)</u>

The notes on pages 18 to 32 form part of these financial statements.

EVERBRIDGE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Everbridge Europe Limited is a private company limited by shares incorporated in England and Wales. The registered office and principal place of business is 17 Grosvenor Street, Mayfair, London, W1K 4QG.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Monetary amounts in these financial statements are stated in pounds Sterling and are rounded to the nearest whole £1, except where otherwise stated.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Everbridge, Inc. as at 31 December 2022 and these financial statements may be obtained from 25 Corporate Drive, 4th Floor, Burlington, MA01803.

2. Accounting policies (continued)**2.3 Going concern**

As at 31 December 2022, the Company had net current liabilities of £32,802,521 and net liabilities of £33,123,992. This includes a net amount of £26,896,603 owed to fellow group undertakings. During the year, the Company made losses before tax of £19,092,992, of which £10,714,622 related to costs recharged from fellow group undertakings.

Everbridge Europe Limited ("EEL") is a 100% wholly-owned subsidiary of Everbridge Holdings Limited which is a 100% owned subsidiary of Everbridge, Inc. ("Everbridge"). Everbridge Inc. is the ultimate parent company and is a US based corporation, incorporated in the state of Delaware, headquartered in Massachusetts and publicly-traded on the NASDAQ stock exchange under the ticker symbol EVBG.

Everbridge Europe Limited operates primarily in a sales and support capacity for Everbridge. We acknowledge the Company runs at a loss as there is no reason to generate a profit at the subsidiary level given that it is a support operation for the ultimate parent company Everbridge, Inc. The increased in costs comparative to revenue in the current period is related to the recent period of growth and expansion through acquisition and it is now followed by a time of consolidating the new assets as part of an ongoing group reorganisation project. Everbridge Inc. confirms that it will continue to provide financial support for Everbridge Europe Limited and stand behind all obligations of the Company.

The Company has no debt in the form of loans to any third parties outside of the group, but is reliant on the support of the ultimate parent company, Everbridge Inc. Everbridge, Inc. has undertaken to continue to provide support to Everbridge Europe Limited to enable the Company to continue to operate and to meet its liabilities as and when they fall due for at least the 12 months following the approval of the financial statements.

The directors have a reasonable expectation that Everbridge, Inc. has the adequate resources and liquidity to continue in operational existence and to offer this support and hence have prepared the financial statements of Everbridge Europe Limited on a going concern basis.

2.4 Foreign currency translation**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Where services are contracted in advance, an adjustment is made to recognise income evenly over the contract period. Where services are purchased in advance, income is recognised once the service has been provided.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.7 Finance costs

Finance costs due on loans from fellow group undertakings are charged to profit or loss at the agreed interest rate whilst a balance remains outstanding.

2.8 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2. Accounting policies (continued)

2.9 Share based payments

Share options awarded to employees are recognised at the fair value of the options at the date of grant as determined using the Black-Scholes model and are charged to profit or loss over the vesting period. Other equity based compensation schemes granted to employees, which are not options, are recognised at the fair value of the equity at the date of grant as determined by the open market price of the shares at the date of grant and are charged to profit or loss over the vesting period.

All share options and other equity based compensation schemes are settled in the equity of the ultimate parent company, Everbridge, Inc., and a capital contribution is recognised in line with the amounts charged to profit or loss over the vesting period.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the the remaining vesting period is recognised immediately.

Shares withheld to meet employee's tax liabilities (resulting in a net share settlement of share award) are accounted for as cash settled share based payments.

2.10 National Insurance on share options

To the extent that the share price at the balance sheet date is greater than the exercise price on options granted under unapproved schemes after 19 May 2000, provision for any National Insurance contributions has been made based on the prevailing rate of National Insurance. The provision is accrued over the performance period attaching to the award.

2.11 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Leasehold improvements	- Straight line over the lease term
Fixtures, fittings & equipment	- 15% reducing balance or 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.13 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.15 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2. Accounting policies (continued)

2.17 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans to and from related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements:

Bad debt provision

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing the impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors, whether the debtor is covered by insurance and historical experience.

Share based payments

The directors assess the estimated forfeiture rate of equity awards granted to employees based on historical and forecasted data relating to the likelihood of achieving any performance related targets as well as employee retention rates.

EVERBRIDGE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

4. Turnover

An analysis of turnover by class of business is as follows:

	2022	2021
	£	£
Telecommunication services	<u>16,276,565</u>	<u>13,878,968</u>

Analysis of turnover by country of destination:

	2022	2021
	£	£
United Kingdom	10,120,961	9,032,465
Europe	4,160,957	3,240,606
Rest of the World	1,994,647	1,605,897
	<u>16,276,565</u>	<u>13,878,968</u>

5. Other operating income

	2022	2021
	£	£
Management charges to fellow group undertakings	<u>601,396</u>	<u>558,173</u>

6. Operating loss

The operating loss is stated after charging:

	2022	2021
	£	£
Exchange differences	2,061,272	193,632
Depreciation of tangible fixed assets	134,727	142,320
Costs recharged from fellow group undertakings	10,714,622	4,719,873
Other operating lease rentals	238,729	321,493
Equity settled share based payments	2,187,910	859,932
Cash settled share based payments	<u>537,187</u>	<u>548,044</u>

EVERBRIDGE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

7. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors and their associates:

	2022	2021
	£	£
Audit of the financial statements of the Company	35,000	70,000
Audit of the financial statements of the Company's parent	24,000	10,000
	<u>59,000</u>	<u>80,000</u>

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2022	As restated
	£	2021
		£
Wages and salaries	13,393,796	11,033,640
Social security costs	1,601,030	1,089,745
Share based payment costs	2,725,097	1,407,976
Cost of defined contribution scheme	322,402	266,364
	<u>18,042,325</u>	<u>13,797,725</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2022	2021
	No.	No.
Employees	<u>142</u>	<u>118</u>

EVERBRIDGE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

9. Directors' remuneration

	2022	2021
	£	£
Directors' emoluments	176,768	150,315
Company contributions to defined contribution pension schemes	5,321	990
	<u>182,089</u>	<u>151,305</u>

The above remuneration relates to a director who provided qualifying services to the Company along with other group undertakings and it is not possible to separately identify the amount which related solely to the Company in both the current and prior year.

During the year retirement benefits were accruing to 1 director (2021 - 1) in respect of defined contribution pension schemes.

The number of directors who exercised share options during the year was 0 (2021 - 3).

The number of directors who received shares (Restricted Stock and Performance-Based Restricted Stock units) for qualifying services during the year was 1 (2021 - 0).

10. Interest payable and similar expenses

	2022	2021
	£	£
Loans from group undertakings	<u>1,415,550</u>	<u>596,840</u>

11. Taxation

	2022	2021
	£	£
Foreign tax		
Foreign tax on income for the year	<u>62,669</u>	<u>-</u>

EVERBRIDGE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022	As restated
	£	£
Loss on ordinary activities before tax	<u>(19,092,992)</u>	<u>(7,990,798)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(3,627,668)	(1,518,252)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	33,900	96,120
Change in unrecognised deferred tax asset	4,328,962	4,144,603
Higher rate taxes on overseas earnings	62,669	-
Adjustments in respect of prior years	-	(132,109)
Effect of change in corporation tax rate	(1,038,951)	(1,778,739)
Adjustments arising from exercise of employee options	<u>303,757</u>	<u>(811,623)</u>
Total tax charge for the year	<u><u>62,669</u></u>	<u><u>-</u></u>

Factors that may affect future tax charges

As at 31 December 2022 the Company has tax losses of £43,721,529 (2021 - £26,596,166 as restated).

The main rate of corporation tax in the UK is due to rise to 25% with effect from April 2023.

EVERBRIDGE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

12. Tangible fixed assets

	Leasehold improvements	Fixtures, fittings & equipment	Total
	£	£	£
Cost or valuation			
At 1 January 2022	21,043	489,448	510,491
Additions	-	73,782	73,782
At 31 December 2022	<u>21,043</u>	<u>563,230</u>	<u>584,273</u>
Depreciation			
At 1 January 2022	18,252	268,407	286,659
Charge for the year	2,068	132,659	134,727
At 31 December 2022	<u>20,320</u>	<u>401,066</u>	<u>421,386</u>
Net book value			
At 31 December 2022	<u>723</u>	<u>162,164</u>	<u>162,887</u>
At 31 December 2021	<u>2,791</u>	<u>221,041</u>	<u>223,832</u>

13. Debtors

	2022	2021
	£	£
Due after more than one year		
Other debtors	<u>24,916</u>	<u>24,916</u>
Due within one year		
Trade debtors	5,826,951	4,478,240
Amounts owed by group undertakings	25,620,932	11,633,293
Other debtors	85,300	57,191
Prepayments and accrued income	369,403	121,579
	<u>31,902,586</u>	<u>16,290,303</u>

EVERBRIDGE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

14. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Trade creditors	289,537	549,820
Amounts owed to group undertakings	52,391,272	21,908,328
Other taxation and social security	1,243,660	974,119
Other creditors	56,626	395
Accruals and deferred income	12,013,811	9,881,701
	<u>65,994,906</u>	<u>33,314,363</u>

15. Creditors: Amounts falling due after more than one year

	2022	2021
	£	£
Accruals and deferred income	<u>311,877</u>	<u>125,768</u>

16. Provisions

	National insurance on equity awards
	£
At 1 January 2022	139,226
Charged to profit or loss	33,255
At 31 December 2022	<u>172,481</u>

National insurance on equity awards

This provision represents Employer's National Insurance on the expected exercise of share based payment awards. This provision will be settled upon the exercise of the respective share based payment awards.

EVERBRIDGE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

17. Share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
1,000 (2021 - 1,000) Ordinary shares of £1.00 each	<u>1,000</u>	<u>1,000</u>

18. Reserves

Other reserves

The other reserve comprises capital contributions from the ultimate parent company, including amounts in respect of share based payments settled in the equity of the ultimate parent company.

Profit and loss account

The profit and loss reserve represents cumulative profit and loss less any distributions.

19. Share based payments

The Company operates two share based payment schemes, under which certain employees are granted options to acquire shares in the ultimate parent company, Everbridge, Inc.

2008 Equity Incentive Plan

This scheme is operated using the equity method of settlement accounting. The vesting conditions are market based and the vesting period for options is four years. Once vested the options will expire after ten years.

During the year the Company granted Nil (2021:Nil) share options, with Nil (2021:Nil) options vesting and Nil (2021:Nil) units forfeited. The number of outstanding options at the year end was 3,262 (2021:3,262).

No restricted or performance stock units were issued under the 2008 Equity Incentive Plan.

2016 Equity Incentive Plan

This scheme is operated using the equity method of settlement accounting. The vesting conditions are based on the contractual terms of the award agreement which ranges between three and four years. Once vested the awards will expire after ten years.

During the year the Company granted 146,352 (2021: 21,542) restricted stock units to members of senior management. Units vesting during the year were 37,422 (2021: 10,819) with 12,402 (2021: 9,495) units being forfeited. The number of outstanding units at the year end was 125,176 (2021: 29,548). There is no exercise price associated with the restricted stock units and the weighted average fair value per restricted stock unit issued was £36.50 (2021: £88.09).

19. Share based payments (continued)

During the year the Company granted 45,419 (2021: 23,859) performance-based restricted stock units that vest upon satisfaction of certain performance-based conditions. The performance-based restricted stock units vest based on achieving certain revenue growth thresholds which range from 20% to 40% compounded annual growth over a measurement period of two years for the first 50% of each grant of performance-based restricted stock units and three years for the remaining units. The vesting of the performance-based restricted stock units is also subject to the employee's continued employment through the date of achievement. Units vesting during the year were 5,677 (2021: 8,816) with 5,688 (2021: 14,850) units forfeited. The number of outstanding units at the year end was 65,420 (2021: 32,815). There is no exercise price associated with the performance-based restricted stock units and the weighted average fair value per restricted stock unit issued was £36.50 (2021: £88.09).

The fair value is based on the value of common stock at the date of issuance and the probability of achieving the performance metric. The directors have assessed the probability of achievement of the award as highly probable based on past performance of achievement of the performance metric. 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 share price of common stock on the date of issuance of the performance-based restricted stock units ranged from £22.16 to £28.67 (\$27.69 to \$35.82) per share. The fair value is based on the value of common stock at the date of issuance and the probability of achieving the performance metric. The directors have assessed the probability of achievement of the award as highly probable based on past performance of achievement of the performance metric. 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.

During the year, the Company recognised equity share-based payment expenses of £2,187,910 (2021: £859,932) and cash settled share-based payments of £537,187 (2021: £548,044). No share options have been issued under the 2016 Equity Incentive Plan.

The number and weighted average price of the options are as follows:

	Weighted average exercise price (pence) 2022	Number 2022	Weighted average exercise price (pence) 2021	Number 2021
Outstanding at the beginning of the year	2.16	70,937	6.30	94,265
Granted during the year	-	189,442	-	45,401
Forfeited during the year	-	(43,411)	-	(24,345)
Exercised during the year	-	(18,090)	9.94	(44,384)
Outstanding at the end of the year	<u>0.78</u>	<u>198,878</u>	<u>2.16</u>	<u>70,937</u>

Under the 2008 Equity Incentive Plan, 8,262 (2021: 8,574) options were outstanding at 31 December 2022 and they had an exercise price of £7.77 to £27.42 (2021: £6.94 to £24.49), and a weighted average remaining contractual life of 3.992 years (2021: 3.255 years).

Under the 2016 Equity Incentive Plan, 190,596 (2021: 62,363) restricted stock units were outstanding at 31 December 2022 had no associated exercise price, and a weighted average remaining contractual life of 8.86 years (2021: 8.75 years).

EVERBRIDGE EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

20. Group reconstructions

On 31 January 2022 the trade and assets of fellow subsidiary companies, Alarmpoint, Inc. and Missionmode Solutions Limited were hived up into Everbridge Europe Limited and these have been accounted for in the Company's accounts using the purchase method.

21. Prior year adjustment

The directors have identified that sales commissions paid to certain members of staff had been incorrectly deferred to recognise the commission expense over the average life of the sales contracts to which the commission relates. The commission represents a short-term employment benefit and should have been recognised in the period in which the service was provided to the Company, being the date the respective sales contracts were closed.

The directors have restated the 2021 results to remove deferred sales commissions. Subsequently in 2021, other debtors due in more than one year have decreased by £1,606,373, other debtors due in less than one year have decreased by £1,169,080. The 2021 wages and salaries expense, included within administrative expenses, has increased by £325,060, and the 2020 opening reserves have decreased by £2,450,393.

22. Commitments under operating leases

At 31 December 2022, the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022	2021
	£	£
Not later than 1 year	<u>24,750</u>	<u>-</u>

23. Related party transactions

The Company has taken advantage of the exemption available to it under FRS102 S33.1A and has not disclosed transactions with other fellow group companies that are wholly owned by the group.

There were no other related party transactions in the years ended 31 December 2022 or 31 December 2021.

24. Post balance sheet events

In February 2023, the trade and assets of the fellow group undertaking, CNL Software Limited, were hived up into Everbridge Europe Limited. The purchase price, being derived from the net assets of CNL Software Limited at the completion date is estimated to be £2,737,931.

25. Controlling party

The Company is a wholly owned subsidiary of Everbridge Holdings Limited, a company incorporated in the United Kingdom. Everbridge Holdings Limited in turn is a wholly owned subsidiary of Everbridge, Inc. a company incorporated in the United States of America. The results of the group are included in the consolidated financial statements of Everbridge, Inc. which are available from 25 Corporate Drive, 4th Floor, Burlington, MA01803.

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