

REFINITIV

DELTA REPORT

10-Q

N-ABLE, INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

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TOTAL DELTAS 789

 CHANGES 295

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **September 30, 2023** **March 31, 2024**
or

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

For the transition period from _____ to _____
Commission File Number: 001-40297

N-able, Inc.

(Exact name of registrant as specified in its charter)

Delaware	85-4069861
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

30 Corporate Drive
Suite 400
Burlington, Massachusetts 01803
(781) 328-6490

(Address and telephone number of principal executive offices)

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, \$0.001 par value	NABL	New York Stock Exchange

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

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

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

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

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

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

On November 6, 2023 May 6, 2024, 182,927,353 184,763,424 shares of common stock, par value \$0.001 per share, were outstanding.

N-able, Inc.

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Safe Harbor Cautionary Statement

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Private Securities Litigation Reform Act of 1995. Such statements may be signified by terms such as "aim," "anticipate," "believe," "continue," "expect," "feel," "intend," "estimate," "seek," "plan," "may," "can," "could," "should," "will," "would" or similar expressions and the negatives of those terms. In this report, forward-looking statements include statements regarding our financial projections, future financial performance and plans and objectives for future operations including, without limitation, the following:

- expectations regarding our financial condition and results of operations, including revenue, revenue growth, revenue mix, cost of revenue, operating expenses, operating income, non-GAAP operating income, non-GAAP operating margin, adjusted EBITDA and adjusted EBITDA margin, cash flows and effective income tax rate;
- expectations regarding the impact of foreign exchange rates and macroeconomic conditions on our business;
- expectations regarding investment in product development and our expectations about the results of those efforts;
- expectations concerning acquisitions and opportunities resulting from our acquisitions;
- expectations regarding hiring additional personnel globally in the areas of sales and marketing and research and development;
- intentions regarding our international earnings;
- expectations regarding our capital expenditures;
- expectations regarding the outcome or impact of litigation disclosed in this Quarterly Report on Form 10-Q;
- our beliefs regarding the sufficiency of our cash and cash equivalents, cash flows from operating activities and borrowing capacity; and
- expectations regarding our spin-off from SolarWinds Corporation ("SolarWinds") into a newly created and separately traded public company.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially and adversely different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, the following:

- risks related to our spin-off from SolarWinds into a newly created and separately-traded public company, including that the spin-off could disrupt or adversely affect our business, results of operations and financial condition, that the spin-off may not achieve some or all of any anticipated benefits with respect to our business; that the distribution, together with certain related transactions, may not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, which could result in N-able incurring significant tax liabilities, and, in certain circumstances, requiring us to indemnify SolarWinds for material taxes and other related amounts pursuant to indemnification obligations under the tax matters agreement;
- the possibility that a worsening of the global COVID-19 pandemic or a new pandemic or other public health crisis may adversely affect our business, results of operations and financial condition or that the impact of such occurrences could negatively affect the global economy or the business operations and financial conditions of our customers, their end customers and our prospective customers;
- the impact of adverse economic conditions;
- our ability to sell subscriptions to new managed service provider ("MSP") partners, to sell additional solutions to our existing MSP partners and to increase the usage of our solutions by our existing MSP partners, as well as our ability to generate and maintain MSP partner loyalty;
- any decline in our renewal or net retention rates;
- the possibility that general economic conditions or uncertainty may cause information technology spending to be reduced or purchasing decisions to be delayed, including as a result of the COVID-19 pandemic, inflation, actions taken by central banks to counter inflation, rising interest rates, the impact of bank failures and related financial services industry uncertainty, war and political unrest, military conflict (including between Russia and Ukraine) Ukraine and in the Middle East, terrorism, sanctions or other geopolitical events globally, or that such factors may otherwise harm our business, financial condition or results of operations;
- any inability to generate significant volumes of high-quality sales leads from our digital marketing initiatives and convert such leads into new business at acceptable conversion rates;
- any inability to successfully identify, complete and integrate acquisitions and manage our growth effectively;

- any inability to resell third-party software or integrate third-party software into our solutions, or find suitable replacements for such third-party software;
- risks associated with our international operations including, but not limited to, regulatory, political, tax and labor conditions; operations;
- foreign exchange gains and losses related to expenses and sales denominated in currencies other than the functional currency of an associated entity;
- risks that cyberattacks, including the cyberattack on SolarWinds' Orion Software Platform and internal systems announced by SolarWinds in December 2020 or the Cyber Incident, (the "Cyber Incident"), and other security incidents may result in compromises or breaches of our, our MSP partners', or their SME customers' systems, the insertion of malicious code, malware, ransomware or other vulnerabilities into our, our MSP partners', or their SME customers' environments, the exploitation of vulnerabilities in our, our MSP partners', or their SME customers' security, the theft or misappropriation of our, our MSP partners', or their SME customers' proprietary and confidential information, and interference with our, our MSP partners', or their SME customers' operations, exposure to legal and other liabilities, higher MSP partner and employee attrition and the loss of key personnel, negative impacts to our sales, renewals and upgrades and reputational harm and other serious negative consequences, any or all of which could materially harm our business;
- our status as a controlled company;
- our ability to attract and retain qualified employees and key personnel as a standalone public company; personnel;
- the timing and success of new product introductions and product upgrades by us or our competitors;
- our ability to protect and defend our intellectual property and not infringe upon others' intellectual property;
- the possibility that our operating income could fluctuate and may decline as percentage of revenue as we make further expenditures to expand our operations in order to support additional growth in our business;
- our indebtedness, including increased borrowing costs resulting from rising interest rates, potential restrictions on our operations and the impact of events of default;
- our ability to operate our business internationally and increase sales of our solutions to our MSP partners located outside of the United States;
- increased costs associated with the loss of emerging growth company status as of the end of 2023; and
- such other risks and uncertainties described more fully in documents filed with or furnished to the Securities and Exchange Commission, including the risk factors discussed in this Quarterly Report on Form 10-Q.

Given these risks and uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent our management's beliefs and assumptions only as of the date of this Quarterly Report on Form 10-Q. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially and adversely from those anticipated in these forward-looking statements, even if new information becomes available in the future.

In this report "N-able," "Company," "we," "us" and "our" refer to N-able, Inc. and its consolidated subsidiaries, and references to "SolarWinds" and "Parent" refer to SolarWinds Corporation.

PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

N-able, Inc.
Consolidated Balance Sheets

(In thousands)
(Unaudited)

	September 30, 2023	December 31, 2022		March 31, 2024	March 31, 2024	December 31, 2023
Assets	Assets					
Current assets:	Current assets:					
Current assets:						
Cash and cash equivalents	Cash and cash equivalents	\$ 127,433	\$ 98,847			
Accounts receivable, net of allowances of \$1,717 and \$1,330 as of September 30, 2023 and December 31, 2022, respectively		39,141	34,798			
Cash and cash equivalents						
Cash and cash equivalents						
Accounts receivable, net of allowances of \$1,224 and \$1,171 as of March 31, 2024 and December 31, 2023, respectively						
Income tax receivable	Income tax receivable	16,665	7,814			
Prepaid and other current assets	Prepaid and other current assets	20,710	12,697			
Total current assets	Total current assets	203,949	154,156			
Property and equipment, net	Property and equipment, net	36,220	37,404			
Operating lease right- of-use assets	Operating lease right- of-use assets	30,170	31,752			
Deferred taxes	Deferred taxes	1,527	795			
Goodwill	Goodwill	821,954	828,795			
Intangible assets, net	Intangible assets, net	6,851	8,873			
Other assets, net	Other assets, net	21,991	17,082			
Total assets	Total assets	\$1,122,662	\$1,078,857			
Liabilities and stockholders' equity	Liabilities and stockholders' equity					

Current liabilities:	Current liabilities:			
Current liabilities:				
Current liabilities:				
Accounts payable				
Accounts payable				
Accounts payable	Accounts payable	\$ 3,606	\$ 3,544	
Accrued liabilities	Accrued liabilities			
and other	and other	43,907	35,630	
Current operating	Current operating			
lease liabilities	lease liabilities	5,789	5,771	
Income taxes	Income taxes			
payable	payable	11,299	1,629	
Current portion of	Current portion of			
deferred revenue	deferred revenue	11,525	11,740	
Current debt	Current debt			
obligation	obligation	3,500	3,500	
Total current	Total current			
liabilities	liabilities	79,626	61,814	
Long-term liabilities:	Long-term liabilities:			
Deferred	Deferred			
revenue, net of	revenue, net of			
current portion	current portion	161	387	
Deferred revenue, net of current portion				
Deferred revenue, net of current portion				
Non-current	Non-current			
deferred taxes	deferred taxes	1,920	2,783	
Non-current	Non-current			
operating lease	operating lease			
liabilities	liabilities	30,910	33,110	
Long-term debt,	Long-term debt,			
net of current	net of current			
portion	portion	331,980	333,488	
Other long-term	Other long-term			
liabilities	liabilities	3,385	5,204	
Total	Total			
liabilities	liabilities	447,982	436,786	
Commitments and	Commitments and			Commitments and contingencies (Note 11)
contingencies (Note	contingencies (Note			
11)	11)			
Stockholders' equity:	Stockholders' equity:			

Common stock, \$0.001 par value:
 550,000,000 shares authorized and
 182,918,788 and 180,849,537 shares issued
 and outstanding as of September 30, 2023
 and December 31, 2022, respectively

183 181

Preferred stock, \$0.001 par value:
 50,000,000 shares authorized and no
 shares issued and outstanding as of
 September 30, 2023 and December 31,
 2022, respectively

— —

Common stock, \$0.001 par value:
 550,000,000 shares authorized and
 184,762,998 and 183,220,689 shares issued
 and outstanding as of March 31, 2024 and
 December 31, 2023, respectively

Common stock, \$0.001 par value:
 550,000,000 shares authorized and
 184,762,998 and 183,220,689 shares issued
 and outstanding as of March 31, 2024 and
 December 31, 2023, respectively

Common stock, \$0.001 par value:
 550,000,000 shares authorized and
 184,762,998 and 183,220,689 shares issued
 and outstanding as of March 31, 2024 and
 December 31, 2023, respectively

Preferred stock,
\$0.001 par value:
50,000,000
shares authorized
and no shares
issued and
outstanding as of
March 31, 2024
and December
31, 2023,
respectively

Additional paid-in capital	Additional paid-in capital	657,522	632,871
Accumulated other comprehensive loss		(13,920)	(7,815)

Accumulated
other
comprehensive
loss (income)

Retained earnings	Retained earnings	30,895	16,834
Total stockholders' equity	Total stockholders' equity	674,680	642,071
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	\$1,122,662	\$1,078,857

The accompanying notes are an integral part of these Consolidated Financial Statements.

N-able, Inc.
Consolidated Statements of Operations
(In thousands, except per share information)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Three Months Ended March 31,				
Three Months Ended March 31,				
Three Months Ended March 31,				
2024				
2024				
2024				
Revenue:				
Revenue:				
Revenue:	Revenue:			
Subscription and other revenue	Subscription and other revenue	\$ 107,567	\$ 93,527	\$ 313,465
Subscription and other revenue	Subscription and other revenue			\$ 276,014
Cost of revenue:				
Cost of revenue:	Cost of revenue:			
Cost of revenue	Cost of revenue	16,893	14,587	49,205
Cost of revenue	Cost of revenue			41,492
Cost of revenue				
Cost of revenue				
Amortization of acquired technologies	Amortization of acquired technologies			
Amortization of acquired technologies	Amortization of acquired technologies			
Amortization of acquired technologies	Amortization of acquired technologies	463	516	1,382
Total cost of revenue	Total cost of revenue	17,356	15,103	50,587
Total cost of revenue	Total cost of revenue			43,535
Gross profit				
Gross profit				
Gross profit	Gross profit	90,211	78,424	262,878
Operating expenses:	Operating expenses:			232,479
Operating expenses:				

Operating expenses:					
Sales and marketing					
Sales and marketing					
Sales and marketing	Sales and marketing	33,660	31,149	101,112	94,223
Research and development	Research and development	19,752	16,038	58,796	46,664
Research and development					
Research and development					
General and administrative					
General and administrative					
General and administrative	General and administrative	18,438	18,050	53,877	54,119
Amortization of acquired intangibles	Amortization of acquired intangibles	11	1,465	585	4,386
Amortization of acquired intangibles					
Amortization of acquired intangibles					
Total operating expenses					
Total operating expenses					
Total operating expenses	Total operating expenses	71,861	66,702	214,370	199,392
Operating income	Operating income	18,350	11,722	48,508	33,087
Operating income					
Operating income					
Other expense:					
Other expense:					
Other expense:	Other expense:				
Interest expense, net	Interest expense, net	(7,802)	(5,088)	(22,532)	(12,459)
Other (expense) income, net		(423)	(1,795)	1,569	(561)
Interest expense, net					
Interest expense, net					
Other income, net					
Other income, net					
Other income, net					
Total other expense, net					
Total other expense, net					
Total other expense, net	Total other expense, net	(8,225)	(6,883)	(20,963)	(13,020)

Income before income taxes	Income before income taxes	10,125	4,839	27,545	20,067
Income before income taxes					
Income before income taxes					
Income tax expense					
Income tax expense					
Income tax expense	Income tax expense	4,112	4,545	13,484	10,345
Net income	Net income	\$ 6,013	\$ 294	\$ 14,061	\$ 9,722
Net income					
Net income					
Net income per share:					
Net income per share:					
Net income per share:	Net income per share:				
Basic earnings per share	Basic earnings per share	\$ 0.03	\$ 0.00	\$ 0.08	\$ 0.05
Basic earnings per share					
Basic earnings per share					
Diluted earnings per share					
Diluted earnings per share					
Diluted earnings per share	Diluted earnings per share	\$ 0.03	\$ 0.00	\$ 0.08	\$ 0.05
Weighted-average shares used to compute net income per share:	Weighted-average shares used to compute net income per share:				
Weighted-average shares used to compute net income per share:					
Weighted-average shares used to compute net income per share:					
Shares used in computation of basic earnings per share:	Shares used in computation of basic earnings per share:	182,710	180,323	182,135	180,072
Shares used in computation of basic earnings per share:					
Shares used in computation of basic earnings per share:					
Shares used in computation of diluted earnings per share:					

Shares used in computation of diluted earnings per share:

Shares used in computation of diluted earnings per share:	Shares used in computation of diluted earnings per share:	186,221	181,145	185,506	180,966
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The accompanying notes are an integral part of these Consolidated Financial Statements.

N-able, Inc.
Consolidated Statements of Comprehensive (Loss) Income
(In thousands)
(Unaudited)

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
Three Months Ended March 31,					
Three Months Ended March 31,					
Three Months Ended March 31,					
2024					
2024					
Net income		\$ 6,013	\$ 294	\$ 14,061	\$ 9,722
Other comprehensive loss:					
Net income					
Net income					
Other comprehensive (loss) income:					
Other comprehensive (loss) income:					
Other comprehensive (loss) income:					
Foreign currency translation adjustment					
Foreign currency translation adjustment					
Foreign currency translation adjustment					
Foreign currency translation adjustment	Foreign currency translation adjustment	(10,575)	(22,248)	(6,105)	(57,190)
Other comprehensive loss		(10,575)	(22,248)	(6,105)	(57,190)
Other comprehensive (loss) income					
Other comprehensive (loss) income					
Other comprehensive (loss) income					
Comprehensive (loss) income	Comprehensive (loss) income	\$ (4,562)	\$ (21,954)	\$ 7,956	\$ (47,468)
Comprehensive (loss) income					

Comprehensive (loss) income

The accompanying notes are an integral part of these Consolidated Financial Statements.

N-able, Inc.
Consolidated Statements of Stockholders' Equity
(In thousands)
(Unaudited)

		Three Months Ended March 31, 2024								
		Three Months Ended March 31, 2024								
		Three Months Ended March 31, 2024								
Common										
Stock										
Shares										
Shares										
					Accumulated					
					Additional	Other				
					Paid-in	Comprehensive	Retained			
Shares					Amount	Capital	Income (Loss) Earnings Total			
Three Months Ended September 30, 2023										
Common Stock										
Accumulated										
Additional Other										
Paid-in Comprehensive Retained										
Shares		Amount		Capital	Loss	Earnings	Total			
Balance as of December 31, 2023										
Balance as of June 30, 2023	182,471	\$ 182	\$ 647,188	\$ (3,345)	\$ 24,882	\$ 668,907				
Balance as of December 31, 2023										
Balance as of December 31, 2023										
Net income	Net income	—	—	—	—	6,013	6,013			
Foreign currency translation adjustment	Foreign currency translation adjustment	—	—	—	(10,575)	—	(10,575)			
Exercise of stock options		14	—	46	—	—	46			
Restricted stock units issued, net of shares withheld for taxes	Restricted stock units issued, net of shares withheld for taxes	328	1	(1,988)	—	—	(1,987)			
Issuance of stock		—	—	—	—	—	—			
Restricted stock units issued, net of shares withheld for taxes										

Restricted stock units issued, net of shares withheld for taxes							
Issuance of stock under employee stock purchase plan							
Issuance of stock under employee stock purchase plan							
Issuance of stock under employee stock purchase plan	Issuance of stock under employee stock purchase plan	106	—	910	—	—	910
Stock-based compensation	Stock-based compensation	—	—	11,366	—	—	11,366
Balance as of September 30, 2023	182,919	\$ 183	\$ 657,522	\$ (13,920)	\$ 30,895	\$ 674,680	
Balance as of March 31, 2024							

Nine Months Ended September 30, 2023							
Common Stock							
Accumulated Additional Other							
	Shares	Amount	Paid-in Capital	Comprehensive Loss	Retained Earnings	Total	
Three Months Ended March 31, 2023							
Three Months Ended March 31, 2023							
Three Months Ended March 31, 2023							
Common Stock							
Shares							
Shares							
Accumulated Additional Other							
	Shares	Amount	Paid-in Capital	Comprehensive Loss	Retained Earnings	Total	
Balance as of December 31, 2022	Balance as of December 31, 2022	180,850	\$ 181	\$ 632,871	\$ (7,815)	\$ 16,834	\$ 642,071
Net income	Net income	—	—	—	—	14,061	14,061
Foreign currency translation adjustment	Foreign currency translation adjustment	—	—	—	(6,105)	—	(6,105)

Exercise of stock options	Exercise of stock options	50	—	72	—	—	72
Restricted stock units issued, net of shares withheld for taxes	Restricted stock units issued, net of shares withheld for taxes	1,822	2	(10,228)	—	—	(10,226)
Issuance of stock	Issuance of stock	3	—	—	—	—	—
Issuance of stock under employee stock purchase plan	Issuance of stock under employee stock purchase plan	194	—	1,681	—	—	1,681
Stock-based compensation	Stock-based compensation	—	—	33,126	—	—	33,126
Balance as of September 30, 2023	182,919	\$ 183	\$ 657,522	\$ (13,920)	\$ 30,895	\$ 674,680	
Balance as of March 31, 2023							

Three Months Ended September 30, 2022							
	Common Stock			Accumulated Other			
	Shares	Amount	Additional Paid-in Capital	Comprehensive Loss		Retained Earnings	Total
				Loss			
Balance as of June 30, 2022	180,147	\$ 180	\$ 616,148	\$ (19,889)	\$ 9,555	\$ 605,994	
Net income	—	—	—	—	294	294	
Foreign currency translation adjustment	—	—	—	(22,248)	—	(22,248)	
Exercise of stock options	3	—	4	—	—	—	4
Restricted stock units issued, net of shares withheld for taxes	221	—	(810)	—	—	—	(810)
Issuance of stock	4	—	—	—	—	—	—
Issuance of stock under employee stock purchase plan	85	—	747	\$ —	—	—	747
Stock-based compensation	—	—	10,151	—	—	—	10,151
Balance as of September 30, 2022	180,460	\$ 180	\$ 626,240	\$ (42,137)	\$ 9,849	\$ 594,132	

Nine Months Ended September 30, 2022							
--------------------------------------	--	--	--	--	--	--	--

	Common Stock		Accumulated Other					Retained Earnings		Total			
	Shares	Amount	Additional Paid-in Capital		Comprehensive Income (Loss)								
Balance as of December 31, 2021	179,049	\$ 179	\$ 602,996	\$ 15,053	\$ 127	\$ 618,355							
Net income	—	—	—	—	—	—	9,722	9,722					
Foreign currency translation adjustment	—	—	—	(57,190)	—	—	—	(57,190)					
Exercise of stock options	27	—	31	—	—	—	—	31					
Restricted stock units issued, net of shares withheld for taxes	1,182	1	(6,353)	—	—	—	—	(6,352)					
Issuance of stock	60	—	—	—	—	—	—	—					
Issuance of stock under employee stock purchase plan	142	—	1,315	\$ —	—	—	—	1,315					
Stock-based compensation	—	—	28,251	—	—	—	—	28,251					
Balance as of September 30, 2022	180,460	\$ 180	\$ 626,240	\$ (42,137)	\$ 9,849	\$ 594,132							

The accompanying notes are an integral part of these Consolidated Financial Statements.

N-able, Inc.
Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

Nine Months Ended September 30,		Three Months Ended March 31,		Three Months Ended March 31, 2023	
		2024			
2023	2022				
Cash flows from operating activities	Cash flows from operating activities				
Net income					
Net income					
Net income	Net income	\$ 14,061	\$ 9,722		
Adjustments to reconcile net cash provided by operating activities:	Adjustments to reconcile net cash provided by operating activities:				

Depreciation and amortization	Depreciation and amortization	16,142	18,270
Provision for doubtful accounts		387	138
Depreciation and amortization			
Depreciation and amortization			
Provision for (benefit from) doubtful accounts			
Stock-based compensation expense	Stock-based compensation expense	32,893	28,078
Deferred taxes	Deferred taxes	(20)	213
Amortization of debt issuance costs	Amortization of debt issuance costs	1,197	1,219
Operating lease right-of-use assets, net			
Operating lease right-of-use assets, net			
Operating lease right-of- use assets, net	Operating lease right-of- use assets, net	(1,050)	(1,153)
Loss on foreign currency exchange rates	Loss on foreign currency exchange rates	2,137	889
(Gain) loss on contingent consideration	(Gain) loss on contingent consideration	(958)	166
Other non- cash expenses	Other non- cash expenses	128	43

Changes in operating assets and liabilities, net of assets acquired and liabilities assumed in business combinations:	Changes in assets and liabilities, net of assets acquired and liabilities assumed in business combinations:		
Accounts receivable	Accounts receivable	(6,121)	278
Accounts receivable	Accounts receivable		
Income tax receivable	Income tax receivable	(8,874)	(2,802)
Prepaid expenses and other assets	Prepaid expenses and other assets	(8,021)	(397)
Accounts payable	Accounts payable	382	(2,437)
Due to and from affiliates		—	(402)
Accrued liabilities and other	Accrued liabilities and other		
Accrued liabilities and other	Accrued liabilities and other		
Accrued liabilities and other	Accrued liabilities and other	8,684	3,126
Income taxes payable	Income taxes payable		
Income taxes payable	Income taxes payable		
Income taxes payable	Income taxes payable	9,491	(2,910)
Deferred revenue	Deferred revenue	(443)	493
Other long-term assets	Other long-term assets	(1,206)	481
Other long-term liabilities	Other long-term liabilities	60	—
Net cash provided by operating activities	Net cash provided by operating activities	58,869	53,015
Cash flows from investing activities	Cash flows from investing activities		

Purchases of property and equipment	Purchases of property and equipment	(10,487)	(9,690)
Purchases of property and equipment			
Purchases of property and equipment			
Purchases of intangible assets	Purchases of intangible assets	(6,675)	(3,512)
Acquisitions, net of cash acquired		—	(9,302)
Net cash used in investing activities			
Net cash used in investing activities			
Net cash used in investing activities	Net cash used in investing activities	(17,162)	(22,504)
Cash flows from financing activities	Cash flows from financing activities		
Payments of tax withholding obligations related to restricted stock units	Payments of tax withholding obligations related to restricted stock units	(10,228)	(6,353)
Payments of tax withholding obligations related to restricted stock units			
Payments of tax withholding obligations related to restricted stock units			
Exercise of stock options	Exercise of stock options	72	31

Proceeds from issuance of common stock under employee stock purchase plan	Proceeds from issuance of common stock under employee stock purchase plan	1,681	1,315
Deferred acquisition payments	(850)	—	
Repayments of borrowings from Credit Agreement			
Repayments of borrowings from Credit Agreement			
Repayments of borrowings from Credit Agreement	Repayments of borrowings from Credit Agreement	(2,625)	(2,625)
Net cash used in financing activities	Net cash used in financing activities	(11,950)	(7,632)
Effect of exchange rate changes on cash and cash equivalents	Effect of exchange rate changes on cash and cash equivalents	(1,171)	(1,886)
Net increase in cash and cash equivalents		28,586	20,993
Net decrease in cash and cash equivalents			
Cash and cash equivalents	Cash and cash equivalents		
Beginning of period			
Beginning of period			
Beginning of period	Beginning of period	98,847	66,736
End of period	End of period	\$127,433	\$87,729
Supplemental disclosure of cash flow information:	Supplemental disclosure of cash flow information:		
Supplemental disclosure of cash flow information:			

Supplemental disclosure of cash flow information:			
Cash paid for interest			
Cash paid for interest			
Cash paid for interest	Cash paid for interest	\$ 21,119	\$ 10,248
Cash paid for income taxes	Cash paid for income taxes	\$ 11,046	\$ 13,157
Supplemental disclosure of non-cash activities:	Supplemental disclosure of non-cash activities:		
Supplemental disclosure of non-cash activities:			
Supplemental disclosure of non-cash activities:			
Change in purchases of property, equipment and leasehold improvements included in accounts payable and accrued expenses	Change in purchases of property, equipment and leasehold improvements included in accounts payable and accrued expenses	\$ (553)	\$ (572)
Right-of-use assets obtained in exchange for operating lease liabilities		\$ 2,318	\$ 967
Change in purchases of property, equipment and leasehold improvements included in accounts payable and accrued expenses			
Change in purchases of property, equipment and leasehold improvements included in accounts payable and accrued expenses			

The accompanying notes are an integral part of these Consolidated Financial Statements.

N-able, Inc.

Notes to Consolidated Financial Statements (Unaudited)

1. Organization and Nature of Operations

Background

On August 6, 2020, SolarWinds Corporation ("SolarWinds" or "Parent") announced that its board of directors had authorized management to explore a potential spin-off of its managed service provider ("MSP") business into our company, a newly created and separately traded public company, and separate into two distinct, publicly traded companies (the "Separation").

On July 19, 2021, SolarWinds completed the Separation through a pro-rata distribution (the "Distribution") of all the outstanding shares of our common stock it held to the stockholders of record of SolarWinds as of the close of business on July 12, 2021 (the "Record Date"). Each SolarWinds stockholder of record received one share of our common stock, \$0.001 par value, for every two shares of SolarWinds common stock, \$0.001 par value, held by such stockholder as of the close of business on the Record Date. SolarWinds distributed 158,020,156 shares of our common stock in the Distribution, which was effective at 11:59 p.m., Eastern Time, on July 19, 2021. The Distribution reflected 316,040,312 shares of SolarWinds common stock outstanding on July 12, 2021 at a distribution ratio of one share of our common stock for every two shares of SolarWinds common stock. In addition, on July 19, 2021, and prior to completion of the Distribution, we issued 20,623,282 newly-issued shares of our common stock in connection with a private placement of N-able's common stock (the "Private Placement"). As a result of the Distribution, we became an independent public company and our common stock is listed under the symbol "NABL" on the New York Stock Exchange.

Description of Business

N-able, Inc., a Delaware corporation, together with its subsidiaries is a leading global provider of cloud-based software solutions for MSPs, enabling them to support digital transformation and growth for small and medium-sized enterprises ("SMEs"), which we define as those enterprises having ~~less~~ fewer than 1,000 employees. With a flexible technology platform and powerful integrations, N-able makes it easy for MSPs to monitor, manage, and protect their end-customer systems, data, and networks. Our growing portfolio of security, automation, and backup and recovery solutions is built for IT services management professionals. N-able simplifies complex ecosystems and enables customers to solve their most pressing challenges. In addition, we provide extensive, proactive support—through enriching partner programs, hands-on training, and growth resources—to help MSPs deliver exceptional value and achieve success at scale. Through our multi-dimensional land and expand model and global presence, we are able to drive strong recurring revenue growth and profitability.

Emerging Growth Company

N-able qualifies as an "emerging growth company" ("EGC") as defined in Section 2(a) of the Securities Act of 1933, as amended, (the "Securities Act"), as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act").

Based on the market value of our common stock held by non-affiliates as of June 30, 2023 (the last business day of the most recently completed second fiscal quarter), we will cease to qualify as an EGC as of the end of the fiscal year ending December 31, 2023. As a result, we will no longer be able to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not EGCs including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. In addition, we will no longer be able to use the extended transition period for complying with new or revised accounting standards available to emerging growth companies and will be required to adopt new or revised accounting standards as of the effective dates for public companies. Accordingly, we expect to recognize increased costs related to these new reporting requirements.

2. Summary of Significant Accounting Policies

Basis of Presentation

Our interim Consolidated Financial Statements do not include all of the information and footnotes required by United States of America generally accepted accounting principles ("GAAP") for complete financial statements. The interim financial information is unaudited, but

reflects all normal adjustments that are, in our opinion, necessary to provide a fair statement of results for the interim periods presented. This interim information should be read in conjunction with the audited Consolidated

N-able, Inc.

Notes to Consolidated Financial Statements (Unaudited)

Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, referred to as our "2022 "2023 Annual Report."

Use of Estimates

The preparation of Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. The impact from the rapidly changing market and economic conditions in part due to the coronavirus disease 2019 ("COVID-19") pandemic on our business, results of operations and financial condition is uncertain. We have made estimates of the long-term impact of the COVID-19 pandemic within our financial statements as of and for the three and nine months ended September 30, 2023 and 2022 which did not result in material adjustments. The estimates assessed included, but were not limited to, allowances for credit losses, the carrying values of goodwill and intangible assets and other long-lived assets, valuation allowances for tax assets and revenue recognition and may change in future periods. The actual results that we experience may differ materially from our estimates. The accounting estimates that require our most significant, difficult and subjective judgments include:

- the valuation of goodwill, intangibles, long-lived assets and contingent consideration;
- revenue recognition; and
- income taxes.

N-able, Inc.

Notes to Consolidated Financial Statements (Unaudited)

Recently Adopted Accounting Pronouncements

In October 2021, the FASB issued ASU No. 2021-08, "Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers," which requires an entity to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with ASC 606, "Revenue from Contracts with Customers," instead of at fair value on the acquisition date as previously required by ASC 805, "Business Combinations." The amendments improve comparability after the business combination by providing consistent recognition and measurement guidance for acquired revenue contracts and revenue contracts not acquired in a business combination. The updated guidance is effective for public companies for fiscal years beginning after December 15, 2022, and early adoption is permitted. The updated guidance will be applied prospectively to business combinations occurring during or after the fiscal year of adoption. We adopted this standard as of January 1, 2023. The adoption of the standard did not have a material impact on our consolidated financial statements for the three and nine months ended September 30, 2023. statements.

In March 2020, the FASB issued Accounting Standards Update ("ASU") No. 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting," which provides temporary optional expedients and exceptions to the existing guidance on contract modifications and hedge accounting to ease the financial reporting burdens related to reference rate reform. The standard became effective upon issuance and may be applied to any new or amended contracts, hedging relationships, and other transactions that reference the London Interbank Offered Rate ("LIBOR") through December 31, 2022. In December 2022, the FASB issued ASU No. 2022-06, "Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848," extending the sunset date of the relief provided under ASU No. 2020-04 to December 31, 2024. During the three months ended September 30, 2023, the effective interest

rate on outstanding debt under our credit agreement with JPMorgan Chase, Bank, N.A. (the "Credit Agreement") transitioned from a LIBOR-based rate to a Secured Overnight Financing Rate ("SOFR")-based rate. The transition did not have a material impact on our consolidated financial statements, for the three months ended September 30, 2023, and no remaining contracts, hedging relationships, or other transactions reference LIBOR as of September 30, 2023. See Note 8. *Debt* for further details regarding the Credit Agreement

Money Market Fund Financial Assets

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, we have money market fund financial assets of \$77.0 \$99.4 million and \$48.4 \$98.6 million, respectively, which are included in "cash and cash equivalents" in our Consolidated Balance Sheets. See "Fair Value Measurements" below and Note 6. *Fair Value Measurements* for further details regarding the fair value measurements of our money market fund financial assets.

Fair Value Measurements

We apply the authoritative guidance on fair value measurements for financial assets and liabilities, such as our money market fund financial assets and contingent consideration liabilities, that are measured at fair value on a recurring basis and non-financial assets and liabilities, such as goodwill, intangible assets and property, plant and equipment that are measured at fair value on a non-recurring basis.

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Notes to Consolidated Financial Statements (Unaudited)

The guidance establishes a three-tiered fair value hierarchy that prioritizes inputs to valuation techniques used in fair value calculations. The three levels of inputs are defined as follows:

Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets accessible by us.

Level 2: Inputs that are observable in the marketplace other than those inputs classified as Level 1.

Level 3: Inputs that are unobservable in the marketplace and significant to the valuation.

The carrying amounts reported in our Consolidated Balance Sheets for cash, accounts receivable, accounts payable and other accrued expenses approximate fair value due to relatively short periods to maturity. See Note 6. *Fair Value Measurements* for a summary of our financial instruments accounted for at fair value on a recurring basis as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the carrying value of our outstanding debt approximates its estimated fair value as the interest rate on the debt is adjusted for changes in market rates. See Note 8. *Debt* for further details regarding our debt.

N-able, Inc.

Notes to Consolidated Financial Statements (Unaudited)

Accumulated Other Comprehensive Loss Income (Loss)

Changes in accumulated other comprehensive loss income (loss) by component are summarized below:

Foreign
Currency
Translation
Adjustments

Foreign Currency Translation Adjustments		Foreign Currency Translation Adjustments		Accumulated Other Comprehensive Income (Loss)
		(in thousands)		
		(in thousands)		
		Foreign Currency Translation Adjustments	Accumulated Other Comprehensive Loss	
		(in thousands)		
Balance as of December 31, 2023				
Balance as of December 31, 2023				
Balance as of December 31, 2022	\$ (7,815)	\$ (7,815)		
Balance as of December 31, 2023				
Other comprehensive loss before reclassification	Other comprehensive loss before reclassification	(6,105)	(6,105)	
Net current period other comprehensive loss	Net current period other comprehensive loss	(6,105)	(6,105)	
Balance as of September 30, 2023	\$ (13,920)	\$ (13,920)		
Net current period other comprehensive loss				
Net current period other comprehensive loss				
Balance as of March 31, 2024				

Revenue

Our revenue consists of the following:

Three Months Ended March 31,

Three Months Ended March 31,

Three Months Ended March 31,

2024

		2024			
		2024			
		Three Months Ended September 30,		Nine Months Ended September 30,	
		(in thousands)			
		2023		2023	
		(in thousands)			
		(in thousands)			
Subscription revenue	Subscription revenue	\$ 105,208	\$ 91,213	\$ 306,005	\$ 269,217
Other revenue	Other revenue	2,359	2,314	7,460	6,797
Other revenue					
Other revenue					
Total subscription and other revenue	Total subscription and other revenue	\$ 107,567	\$ 93,527	\$ 313,465	\$ 276,014
Total subscription and other revenue					
Total subscription and other revenue					

During the three and nine month periods ended **September 30, 2023** **March 31, 2024** and **2022**, respectively, we recognized the following revenue from subscription and other services at a point in time and over time:

		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		2024			
		2024			
		2024			
		Three Months Ended September 30,		Nine Months Ended September 30,	
		(in thousands)			
		2023		2023	
		(in thousands)			
		(in thousands)			
Revenue recognized at a point in time	Revenue recognized at a point in time	\$ 10,937	\$ 14,997	\$ 41,709	\$ 45,260
Revenue recognized over time	Revenue recognized over time	96,630	78,530	271,756	230,754
Revenue recognized over time					
Revenue recognized over time					

Total revenue recognized	Total revenue recognized	\$ 107,567	\$ 93,527	\$ 313,465	\$ 276,014
Total revenue recognized					
Total revenue recognized					

Deferred Revenue

Deferred revenue primarily consists of transaction prices allocated to remaining performance obligations from annually billed subscription agreements and maintenance services associated with our historical sales of perpetual license products which are delivered over time. Certain of our maintenance agreements are billed annually in advance for services to be performed over a 12-month period. We initially record the amounts allocated to maintenance performance obligations as deferred revenue and recognize these amounts ratably on a daily basis over the term of the maintenance agreement.

The following table reflects the changes in our total deferred revenue balance for the **nine** **three** months ended **September 30, 2023** **March 31, 2024**:

	Total Deferred Revenue
	(in thousands)
Balance as of December 31, 2023	\$ 12,81
Deferred revenue recognized	(5,49)
Additional amounts deferred	5,78
Balance as of March 31, 2024	\$ 13,10

We expect to recognize revenue related to remaining performance obligations as of March 31, 2024, as follows:

N-able, Inc.

Notes to Consolidated Financial Statements (Unaudited)

	Total Deferred Revenue
	(in thousands)
Balance as of December 31, 2022	\$ 12,127
Deferred revenue recognized	(15,987)
Additional amounts deferred	15,546
Balance as of September 30, 2023	\$ 11,686

We expect to recognize revenue related to remaining performance obligations as of September 30, 2023, as follows:

	Revenue Recognition Expected by Period			
	Total	Less than 1 year	1-3 years	More than 3 years
	(in thousands)			
Expected recognition of remaining performance obligations	\$ 18,181	\$ 14,779	\$ 3,401	\$ 1

	Revenue Recognition Expected by Period			
	Total	Less than 1 year	1-3 years	More than 3 years
	(in thousands)			
Expected recognition of remaining performance obligations	\$ 85,523	\$ 51,221	\$ 34,301	\$ 1

Cost of Revenue

Amortization of Acquired Technologies. During the three and nine month periods ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively, amortization of acquired technologies included in cost of revenue relate to our subscription products as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands)			
Amortization of acquired technologies	\$ 463	\$ 516	\$ 1,382	\$ 2,043

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Amortization of acquired technologies	\$ 461	\$ 456

3. Acquisitions

On July 1, 2022, we completed the acquisition of all the outstanding equity of Spinpanel B.V. ("Spinpanel") for a total consideration of up to approximately \$20.0 million, including up to \$10.0 million payable upon the achievement of certain revenue metrics through July 1, 2025. We funded the transaction with cash on hand. Based in the Netherlands, Spinpanel is a multi-tenant Microsoft 365 management and automation platform built for Microsoft Cloud Solution Providers to automate the provisioning, security, and management of all Microsoft tenants, users, and licenses in a single consolidated hub. The acquisition of Spinpanel is intended to help our partners optimize the value of their Microsoft Cloud products and, in turn, give Spinpanel customers access to a wider array of IT management and security solutions. We incurred net acquisition-related costs of \$0.3 million during the year ended December 31, 2022, which are included in general and administrative expense. Goodwill and acquired identifiable intangible assets for this acquisition are not deductible for tax purposes.

During the three months ended March 31, 2023, a measurement period adjustment of \$1.6 million was recorded to non-current deferred tax liabilities and goodwill. See Note 4. Goodwill for further details regarding changes in goodwill for the nine months ended September 30, 2023. The measurement period concluded as of June 30, 2023.

The following table summarizes the amounts recognized for the assets acquired and liabilities assumed:

	(in thousands)
Current assets, including cash acquired of \$6	\$ 128
Property and equipment, net	48
Current liabilities	(1,199)
Non-current deferred tax liabilities	(764)
Identifiable intangible assets	
Developed technology	8,890
Customer relationships	80
Goodwill	7,176
Total assets acquired, net	<u><u>\$ 14,359</u></u>

The following table summarizes the total consideration for the assets acquired and liabilities assumed:

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Notes to Consolidated Financial Statements (Unaudited)

	(in thousands)
Cash paid, net of cash acquired of \$6	\$ 9,199
Contingent consideration	5,160
Total consideration, net	<u><u>\$ 14,359</u></u>

The following table summarizes the fair value of the acquired identifiable intangible assets and weighted-average useful life by category:

	Fair Value	Weighted-Average Useful Life	
	(in thousands)	(in years)	
Developed technology	\$ 8,890	5	
Customer relationships	80	3	
Total identifiable intangible assets	<u><u>\$ 8,970</u></u>		

The results of operations related to Spinpanel since the acquisition date are included in our Consolidated Financial Statements during the three and nine months ended **September 30, 2023, March 31, 2024 and 2023**. As noted above, total consideration includes up to \$10.0 million payable upon the achievement of certain revenue metrics through July 1, 2025. The contingent consideration

N-able, Inc.
Notes to Consolidated Financial Statements (Unaudited)

liabilities will be re-evaluated at least quarterly, with the resulting gains and losses recognized within general and administrative expense in our Consolidated Statements of Operations. The fair value of this contingent consideration was \$5.2 million at the date of acquisition and \$5.1 million, \$5.3 million, \$3.7 million and \$4.8 million as of December 31, 2022, March 31, 2023, December 31, 2023 and June 30, 2023 March 31, 2024, respectively. As of September 30, 2023, the fair value of this contingent consideration is \$4.1 million, respectively.

resulting in the recognition of a gain of ~~\$0.6~~ \$1.4 million and ~~\$1.0~~ a loss of ~~\$0.2~~ million for the three and nine months ended ~~September 30, 2023, March 31, 2024 and 2023~~, respectively. The current portion of the contingent consideration of ~~\$1.2~~ less than \$0.1 million is included in "accrued liabilities and other" and the non-current portion of ~~\$2.9~~ \$2.2 million is included in "other long-term liabilities" in our Consolidated Balance Sheets as of ~~September 30, 2023~~ March 31, 2024. See Note 6. *Fair Value Measurements*, Note 7. *Accrued Liabilities and Other*, and Note 11. *Commitments and Contingencies* for further details regarding our contingent consideration liabilities.

Pro forma information for the acquisition has not been provided because the impact of the historical financials on our revenue, net income and net income per share is not material. We recognize revenue on the acquired products in accordance with our revenue recognition policy as described in Note 2. *Summary of Significant Accounting Policies*.

4. Goodwill

The following table reflects the changes in goodwill for the ~~nine~~three months ended ~~September 30, 2023~~ March 31, 2024:

	(in thousands)
Balance as of December 31, 2022 <ins>December 31, 2023</ins>	\$ 828,795 838,49
Foreign currency translation	(5,291) (8,70
Balance as of September 30, 2023 <ins>March 31, 2024</ins>	<u>\$ 821,954 829,79</u>

5. Relationship with Parent and Related Entities

On August 6, 2020, SolarWinds Corporation ("SolarWinds" or "Parent") announced that its board of directors had authorized management to explore a potential spin-off of its MSP business into our company, a newly created and separately traded public company, and separate into two distinct, publicly traded companies (the "Separation"). On July 19, 2021, SolarWinds completed the Separation through a pro-rata distribution (the "Distribution") of all the outstanding shares of our common stock it held to the stockholders of record of SolarWinds as of the close of business on July 12, 2021. As a result of the Distribution, we became an independent public company and our common stock is listed under the symbol "NABL" on the New York Stock Exchange.

Equity-Based Incentive Plans

Prior to the Separation and Distribution, certain of our employees participated in Parent's equity-based incentive plans. Under the SolarWinds Corporation 2016 Equity Incentive Plan (the "2016 Plan"), our employees, consultants, directors, managers and advisors were awarded stock-based incentive awards in a number of forms, including non-qualified stock options. The ability to grant any future equity awards under the 2016 Plan terminated in October 2018. Under the SolarWinds Corporation 2018 Equity Incentive Plan, our employees were eligible to be awarded stock-based incentive awards, including non-statutory stock options or incentive stock options, stock appreciation rights, restricted stock, restricted stock units, performance stock units and other cash-based or share-based awards. Awards granted to our employees under the Parent incentive plans generally vested over periods ranging from one to five years. We measure stock-based compensation for all stock-based incentive awards at fair value on the grant date. Stock-based compensation expense is generally recognized on a straight-line basis over the requisite service periods of the awards.

In connection with the Separation and Distribution, all of the vested and outstanding and unvested SolarWinds equity awards held by our employees were converted to N-able awards ~~through the Conversion.~~ (the "Conversion"). The modification of these equity awards resulted in incremental compensation expense to the extent the estimated fair value of the awards immediately following the modification exceeded the estimated fair value of the awards immediately prior to the modification. This expense is to be

N-able, Inc.

Notes to Consolidated Financial Statements (Unaudited)

recognized upfront for all vested and outstanding awards and over the remaining vesting term for all unvested awards. For the three months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, we recognized **\$0.2** **\$0.1** million and **\$0.6** million, respectively, of incremental expense in connection with the Conversion. For the nine months ended **September 30, 2023** and **2022**, we recognized **\$0.8** million and **\$1.8** **\$0.3** million, respectively, of incremental expense in connection with the Conversion. We include stock-based compensation expense in operating expense (general and administrative, sales and marketing and research and development) and cost of revenue on our Consolidated Statements of Operations, depending on the nature of the employee's role in our operations.

Agreements with SolarWinds

In connection with the completion of the Separation and Distribution on July 19, 2021, we entered into several agreements with SolarWinds that, among other things, provide a framework for our relationship with SolarWinds after the Separation and Distribution. The following summarizes some of the most significant agreements and relationships with SolarWinds.

N-able, Inc.

Notes to Consolidated Financial Statements (Unaudited)

Separation and Distribution Agreement

The Separation and Distribution Agreement sets forth our agreements with SolarWinds regarding the principal actions taken in connection with the Separation and Distribution. It also sets forth other agreements that govern aspects of our relationship with SolarWinds following the Separation and Distribution, including (i) the manner in which legal matters and claims are allocated and certain liabilities are shared between N-able and SolarWinds; (ii) other matters including transfers of assets and liabilities, treatment or termination of intercompany arrangements and the settlement or extinguishment of certain liabilities and other obligations between N-able and SolarWinds; and (iii) mutual indemnification clauses. The Separation and Distribution Agreement also provides that SolarWinds will be liable and obligated to indemnify us for all liabilities based upon, arising out of, or relating to the Cyber Incident other than certain specified expenses for which we will be responsible. The term of the Separation and Distribution Agreement is indefinite and it may only be terminated with the prior written consent of both N-able and SolarWinds.

Transition Services Agreement

We entered into a Transition Services Agreement pursuant to which N-able and SolarWinds provided various services to each other. Under this agreement, SolarWinds continued to provide us with certain corporate and shared services, such as engineering, marketing, internal audit and travel support in exchange for the fees specified in the agreement. The Transition Services Agreement terminated during the year ended December 31, 2022, on the expiration of the term of the last service provided under it. We incurred less than \$0.1 million of costs under the Transition Services Agreement during the three and nine months ended September 30, 2022, respectively.

Tax Matters Agreement

We entered into a Tax Matters Agreement with SolarWinds that governs the parties' respective rights, responsibilities and obligations with respect to tax liabilities and benefits, tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings and other matters regarding taxes. Costs incurred under the Tax Matters Agreement were insignificant during the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, respectively.

Software OEM Agreements

We entered into Software OEM Agreements with SolarWinds pursuant to which SolarWinds granted to N-able, and N-able granted to SolarWinds, a non-exclusive and royalty-bearing license to market, advertise, distribute and sublicense certain SolarWinds and N-able software products, respectively, to customers on a worldwide basis. Each agreement **has had** a two year term, and **may be terminated** **by each agreement was renewed for an additional two year term during the applicable licensor in certain instances**, **year ended December 31, 2023**. We earned **\$0.5** million and **\$0.4** million of revenue during the three months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, respectively, and incurred **\$0.1** million and **less than \$0.1** million of costs during the three months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, respectively, under the Software OEM Agreements. We earned **\$1.3** million and **\$1.1** million of revenue during the nine months ended September 30, 2023 and 2022, respectively, and incurred **\$0.2** million of costs during the nine months ended September 30, 2023 and **2022, 2023**, respectively, under the Software OEM Agreements.

Employee Matters Agreement

We entered into an Employee Matters Agreement with SolarWinds that governs N-able's and SolarWinds' compensation and employee benefit obligations with respect to the employees and other service providers of each company, and generally allocated liabilities and responsibilities relating to employment matters and employee compensation and benefit plans and programs. Costs incurred under the Employee Matters Agreement were insignificant during the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, respectively.

Intellectual Property Matters Agreement

We entered into an Intellectual Property Matters Agreement with SolarWinds pursuant to which each party granted to the other party a generally irrevocable, non-exclusive, worldwide, and royalty-free license to use certain intellectual property rights retained by the other party. Under the Intellectual Property Matters Agreement, the term for the licensed or sublicensed know-

N-able, Inc.

Notes to Consolidated Financial Statements (Unaudited)

how know-how is perpetual and the term for each licensed or sublicensed patent is until expiration of the last valid claim of such patent. The Intellectual Property Matters Agreement will terminate only if N-able and SolarWinds agree in writing to terminate it. Costs incurred under the Intellectual Property Matters Agreement were insignificant during the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, respectively.

Trademark License Agreement

We entered into a Trademark License Agreement with SolarWinds pursuant to which SolarWinds granted to N-able a generally limited, worldwide, non-exclusive and royalty-free license to use certain trademarks retained by SolarWinds that were used by SolarWinds in the conduct of its business prior to the Separation and Distribution. The Trademark License Agreement will terminate once we cease to use all of the licensed trademarks. Costs incurred under the Trademark License Agreement were insignificant during the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, respectively.

Software Cross License Agreement

We entered into a Software Cross License Agreement with SolarWinds pursuant to which each party granted to the other party a generally perpetual, irrevocable, non-exclusive, worldwide and, subject to certain exceptions, royalty-free license to certain software libraries and internal tools for limited uses. The term of the Software Cross License Agreement will be perpetual unless N-able and SolarWinds agree in writing to terminate the agreement. We earned less than \$0.1 million and \$0.1 million of revenue during the three months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, respectively, and incurred \$0.1 million of costs during the three months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, respectively, under the Software Cross License Agreement. We earned \$0.1 million of revenue during the nine months ended **September 30, 2023** and **2022, 2023**, respectively, and incurred \$0.2 million and \$0.5 million of costs during the nine months ended **September 30, 2023** and **2022, 2023**, respectively, under the Software Cross License Agreement.

Due

N-able, Inc.

Notes to and from Affiliates Consolidated Financial Statements (Unaudited)

There were no amounts due to or from SolarWinds as of September 30, 2023 and December 31, 2022, respectively, due to the termination of the Transition Services Agreement during the year ended December 31, 2022.

6. Fair Value Measurements

The following table summarizes the fair value of our money market fund financial assets and contingent consideration financial liabilities that were measured on a recurring basis as of **September 30, 2023** **March 31, 2024** and **December 31,**

2022 December 31, 2023. See Note 3. Acquisitions and Note 11. Commitments and Contingencies for further details regarding our contingent consideration liabilities. There have been no transfers between fair value measurement levels during the **nine** **three** months ended **September 30, 2023** **March 31, 2024**.

Assets:	
Money market funds	
Money market funds	
Money market funds	\$ 77,001
Liabilities:	
Contingent consideration	\$ 4,120
Contingent consideration	
Contingent consideration	

Fair Value Measurements as of December 31, 2023 Using					
	Significant				
	Quoted Prices in Active Markets for Identical Assets	Other Observable Inputs	Significant Unobservable Inputs		Total
	(Level 1)	(Level 2)	(Level 3)		
(in thousands)					
Assets:					
Money market funds	\$ 98,560	\$ —	\$ —	\$ —	\$ 98,560
Liabilities:					
Contingent consideration	\$ —	\$ —	\$ —	\$ 3,650	\$ 3,650

As of **September 30, 2023** **March 31, 2024** and **December 31, 2023**, the carrying value of our outstanding debt approximates its estimated fair value as the interest rate on the debt is adjusted for changes in market rates. See *Note 8. Debt* for further details regarding our debt.

7. Accrued Liabilities and Other

Accrued and other current liabilities were as follows:

		March 31,			
		March 31,			
		March 31,		December 31,	
2024				2024	2023
		September 30,	December 31,		
		\$ 30,	\$ 31,		
		2023	2022		
		(in thousands)			

		(in thousands)	
		(in thousands)	
		(in thousands)	
Payroll-related accruals	Payroll-related accruals	\$ 22,265	\$ 19,622
Value-added and other tax	Value-added and other tax	6,246	1,904
Purchasing accruals	Purchasing accruals	4,497	4,390
Accrued royalties	Accrued royalties	1,382	1,104
Accrued contingent consideration liability	Accrued contingent consideration liability	2,789	2,746
Accrued other liabilities	Accrued other liabilities	6,728	5,864
Total accrued liabilities and other	Total accrued liabilities and other	\$ 43,907	\$ 35,630

8. Debt

In connection with the Separation and Distribution, on July 19, 2021, certain subsidiaries of the Company, including N-able International Holdings I, Inc. (as guarantor) and N-able International Holdings II, Inc. (as borrower), entered into the Credit Agreement with JPMorgan Chase, Bank, N.A. as administrative agent and collateral agent and the lenders from time to time party thereto. N-able International Holdings I, Inc. is a holding company with no other operations, cash flows, material assets or liabilities other than the equity interests in N-able International Holdings II, Inc. The Credit Agreement provides for \$410.0

N-able, Inc.

Notes to Consolidated Financial Statements (Unaudited)

\$410.0 million of first lien secured credit facilities (the "Credit Facilities"), consisting of a \$60.0 million revolving credit facility (the "Revolving Facility"), and a \$350.0 million term loan facility (the "Term Loan"). On July 19, 2021, prior to the completion of the Distribution, the Company distributed approximately \$16.5 million, representing the proceeds from the Term Loan, net of the repayment of related party debt due to SolarWinds Holdings, Inc., payment of intercompany trade payables, and fees and other transaction-related expenses, to SolarWinds. The Revolving Facility will primarily be available for general corporate purposes.

The following table summarizes information relating to our outstanding debt as of September 30, 2023 March 31, 2024:

	Amount Outstanding	
	Amount Outstanding	Effective Rate
	Amount Outstanding	

Amount Outstanding					
(in thousands, except interest rates)					
(in thousands, except interest rates)					
(in thousands, except interest rates)					
Term loan facility	Term loan facility	\$	343,000	8.43	%
Revolving credit facility	Revolving credit facility		—	—	%
Revolving credit facility					
Revolving credit facility					
Total principal amount					
Total principal amount					
Total principal amount	Total principal amount		343,000		
Unamortized discount and debt issuance costs	Unamortized discount and debt issuance costs		(7,520)		
Unamortized discount and debt issuance costs					
Unamortized discount and debt issuance costs					
Total debt, net					
Total debt, net					
Total debt, net	Total debt, net		335,480		
Less: Current debt obligation	Less: Current debt obligation		(3,500)		
Less: Current debt obligation					
Long-term debt, net of current portion	Long-term debt, net of current portion	\$	331,980		
Long-term debt, net of current portion					
Long-term debt, net of current portion					

Under the Credit Agreement, borrowings denominated in U.S. dollars under the Revolving Facility bore interest at a floating rate of an Adjusted LIBOR rate (subject to a “floor” of 0.0%) for a specified interest period plus an applicable margin of 3.00%, until the LIBOR-based rate was replaced, as described below. Under the Credit Agreement, borrowings denominated in Euros under the Revolving Facility bear interest at a floating rate of an Adjusted Euro Interbank Offered Rate (“EURIBOR”) rate (subject to a “floor” of 0.0%) for a specified interest period plus an applicable margin of 3.00%. Under the Credit Agreement, borrowings under the Term Loan bore interest at a floating rate of an Adjusted LIBOR rate (subject to a “floor” of 0.5%) for a specified interest period plus an applicable margin of 3.00%, until the LIBOR-based rate was replaced, as described below. Each margin is subject to reductions to 2.75% and 1.75%, respectively, based on our first lien net leverage ratio.

On June 26, 2023, the parties entered into Amendment No. 1 (“Amendment No. 1”) to the Credit Agreement. Amendment No. 1 amended the Credit Agreement to, among other things, replace the LIBOR-based rate included in the Credit Agreement with a SOFR-based rate, as an interest rate benchmark. Other than the foregoing, the material terms of the Credit Agreement described herein remain unchanged. The effective interest rate on our outstanding debt remained as a LIBOR-based rate of 8.48% until August 31, 2023, at which point it transitioned to a SOFR-based rate. As of March 31, 2024, the effective interest rate on our outstanding debt is 8.35%.

In addition to paying interest on loans outstanding under the Revolving Facility, we are required to pay a commitment fee of 0.375% per annum in respect of unused commitments thereunder, subject to a reduction to 0.25% per annum based on our first lien net leverage

ratio.

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Notes to Consolidated Financial Statements (Unaudited)

The Term Loan requires quarterly repayments equal to 0.25% of the original principal amount, commencing in December 2021 through June 2028. The final maturity dates of the Revolving Facility and Term Loan are July 18, 2026 and July 18, 2028, respectively.

The Credit Agreement contains a number of covenants that, among other things, restrict, subject to certain exceptions, our ability to: incur additional indebtedness; create liens; engage in mergers or consolidations; sell or transfer assets; pay dividends and distributions or repurchase our capital stock; make investments, loans or advances; prepay certain junior indebtedness; engage in certain transactions with affiliates; and enter into negative pledge agreements. In addition, the Revolving Facility is subject to a financial covenant requiring compliance with a maximum first lien net leverage ratio of 7.50 to 1.00 at the end of each fiscal quarter, which will trigger when loans outstanding under the Revolving Facility exceed 35% of the aggregate commitments under the Revolving Facility. The Credit Agreement contains certain customary events of default, including, among others, failure to pay principal, interest or other amounts; inaccuracy of representations and warranties; violation of covenants; cross events of default; certain bankruptcy and insolvency events; certain ERISA events; certain undischarged judgments; and change of control.

As of **September 30, 2023** **March 31, 2024**, we were in compliance with all covenants of the Credit Agreement.

The following table summarizes the remaining future minimum principal payments under the Credit Agreement as of **September 30, 2023** **March 31, 2024**:

	(in thousands)
2023	\$ 875
2024	3,500
2025	3,500
2026	3,500
2027	3,500
Thereafter	328,125
Total minimum principal payments	\$ 343,000

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Notes to Consolidated Financial Statements (Unaudited)

	(in thousands)
2024	\$ 2,625
2025	3,500
2026	3,500
2027	3,500
2028	328,125
Total minimum principal payments	\$ 341,250

9. Earnings Per Share

A reconciliation of the number of shares in the calculation of basic and diluted earnings per share follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands)			
Basic earnings per share:				
Numerator:				
Net income	\$ 6,013	\$ 294	\$ 14,061	\$ 9,722
Denominator:				
Weighted-average common shares outstanding used in computing basic earnings per share	182,710	180,323	182,135	180,072
Basic earnings per share	\$ 0.03	\$ 0.00	\$ 0.08	\$ 0.05
Diluted earnings per share:				
Numerator:				
Net income	\$ 6,013	\$ 294	\$ 14,061	\$ 9,722
Denominator:				
Weighted-average shares used in computing basic earnings per share	182,710	180,323	182,135	180,072
Add dilutive impact of employee equity plans	3,511	822	3,371	894
Weighted-average shares used in computing diluted earnings per share	186,221	181,145	185,506	180,966
Diluted earnings per share	\$ 0.03	\$ 0.00	\$ 0.08	\$ 0.05

N-able, Inc.

Notes to Consolidated Financial Statements (Unaudited)

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Basic earnings per share:		
Numerator:		
Net income	\$ 7,456	\$ 3,539
Denominator:		
Weighted-average common shares outstanding used in computing basic earnings per share	184,015	181,435
Basic earnings per share	\$ 0.04	\$ 0.02
Diluted earnings per share:		
Numerator:		
Net income	\$ 7,456	\$ 3,539

Denominator:

Weighted-average shares used in computing basic earnings per share	184,015	181,435
Add dilutive impact of employee equity plans	3,159	1,756
Weighted-average shares used in computing diluted earnings per share	187,174	183,191
Diluted earnings per share	\$ 0.04	\$ 0.02

The following weighted-average outstanding shares of common stock equivalents were excluded from the computation of the diluted net income per share attributable to common stockholders for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** because their effect would have been anti-dilutive or for which the performance condition had not been met at the end of the period:

	Three Months Ended March 31,		
	Three Months Ended March 31,		
	Three Months Ended March 31,		
	2024		
	2024		
	2024		
		Three Months Ended September 30,	Nine Months Ended September 30,
		(in thousands)	
	2023	2022	2023
	(in thousands)		
		(in thousands)	
		(in thousands)	
Restricted stock units	Restricted stock units	10,716	5,460
Restricted stock units			
Restricted stock units			
Total anti-dilutive shares	Total anti-dilutive shares	10,716	5,460
Total anti-dilutive shares			
Total anti-dilutive shares			

10. Income Taxes

For the three months ended **September 30, 2023** **March 31, 2024** and **2022**, we recorded income tax expense of **\$4.1 million** **\$5.7 million** and **\$4.5 million** **\$4.6 million**, respectively, resulting in an effective tax rate of **40.6%** **43.3%** and **93.9%** **56.4%**, respectively. The decrease in the effective tax rate for the three months ended **September 30, 2023** **March 31, 2024** compared to the same period in **2022** **2023** was primarily related due to a decrease in the amount of the unbefitted loss in the United States, partially offset by an increase in taxable income before income taxes outside the United States. For the nine months ended **September 30, 2023** and **2022**, we recorded income tax expense of **\$13.5 million** and **\$10.3 million**, respectively, resulting in an effective tax rate of **49.0%** and **51.6%**, respectively. The decrease in the effective tax rate for the nine months ended **September 30, 2023** compared to the same period in **2022** was primarily related to a decrease in the amount of unbefitted loss in the United States, partially offset by an increase in taxable income outside the United States.

Our policy is to include interest and penalties related to unrecognized tax benefits as a component of income tax expense. As of **September 30, 2023** **March 31, 2024**, we did not have any accrued interest and penalties related to unrecognized tax benefits.

In 2021, the Organization for Economic Co-operation and Development ("OECD") released model rules for a global minimum tax known as Pillar Two. Under such rules, a minimum effective tax rate of 15% would apply to multinational companies with consolidated revenues above €750 million. Although we operate in one or more jurisdictions that have

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substantively enacted Pillar Two legislation, we have not exceeded the revenue threshold of €750 million, and as such, we do not expect to be subject to the Pillar Two rules in 2024.

We file U.S. Federal and state and foreign income tax returns in jurisdictions with varying statutes of limitations. The **2013** **2012** through **2021** **2023** tax years generally remain open and subject to examination by federal, state and foreign tax authorities. We are currently under examination by the IRS for the tax years 2013 through the period ending February 2016. We are not currently under audit by the Texas Comptroller for the 2015 through 2018 tax years. The Massachusetts Department of Revenue audit for the 2015 through February 2016 tax years was closed in the first quarter of 2023 with immaterial adjustments. On March 31, 2022, we received correspondence from the Canadian Revenue Agency ("CRA") indicating that we are under Part XIII Income Tax audit of non-resident withholding for tax years 2017 through 2018. On June 16, 2022, we received correspondence from the CRA indicating the audit for Part XIII Income Tax audit of non-resident withholding for tax years 2017 through 2018 was closed without adjustments. any taxing jurisdictions.

11. Commitments and Contingencies

Legal Proceedings

From time to time, we have been and may be involved in various legal proceedings arising in our ordinary course of business.

We are party to a stockholders' agreement dated as of July 19, 2021, by and among N-able, Inc. and the stockholders named therein, as amended December 13, 2021 (the "Stockholders' Agreement"). On March 16, 2023, a stockholder who is not party to the agreement filed a Complaint for Declaratory Relief in the Court of Chancery of the State of Delaware against us seeking, among other relief, class action certification and a declaratory judgement that certain provisions in the Stockholders' Agreement are unenforceable, including, among others, provisions relating to the election and removal of directors, the composition of committees and the hiring, or termination of the employment, of our chief executive officer. Oral arguments have been set for were held on February 6, 2024. Following oral arguments, the court requested supplemental briefing and under a stipulated briefing schedule submissions were completed by May 6, 2024.

In the opinion of management, resolution of any pending claims (either individually or in the aggregate) is not expected to have a material adverse impact on our Consolidated Financial Statements, cash flows or financial position and it is not possible to provide an estimated amount of any such loss. However, the outcome of disputes is inherently uncertain. Therefore, although management considers the likelihood of such an outcome to be remote, an unfavorable resolution of one or more matters could materially affect our future results of operations or cash flows, or both, in a particular period.

Commitments as a Result of Acquisitions

On July 1, 2022, we completed the acquisition of all the outstanding equity of Spinpanel for a total consideration of up to approximately \$20.0 million, including up to \$10.0 million payable upon the achievement of certain revenue metrics through

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July 1, 2025. The contingent consideration liabilities will be re-evaluated at least quarterly, with the resulting gains and losses recognized within general and administrative expense in our Consolidated Statements of Operations. The fair value of this contingent consideration was \$5.2 million at the date of acquisition and \$5.1 million, \$5.3 million and \$4.8 million as of December 31, 2022, March 31, 2023 and June 30, 2023 December 31, 2023, respectively. As of September 30, 2023 March 31, 2024, the fair value of this contingent consideration is \$4.1 \$2.2 million, resulting in the recognition of a gain of \$0.6 \$1.4 million and \$1.0 a loss of \$0.2 million for the three and nine months ended September 30, 2023, March 31, 2024 and 2023, respectively. The current portion of the contingent consideration of \$1.2 less than \$0.1 million is included in "accrued liabilities and other" and the non-current portion of \$2.9 \$2.2 million is included in "other long-term liabilities" in our Consolidated Balance Sheets as of September 30, 2023 March 31, 2024. See Note 3. Acquisitions, Note 6. Fair Value Measurements, and Note 7. Accrued Liabilities and Other for further details regarding our contingent consideration liabilities.

On December 14, 2022, we completed the acquisition of certain assets, primarily in the form of intellectual property, from a third party for a total consideration of up to \$6.5 million, including \$3.1 million of cash paid on the acquisition date, \$1.0 million of product delivery fees and up to \$2.5 million payable upon the achievement of certain software engineering and knowledge transfer milestones. The total consideration of \$6.5 million has been capitalized as costs to obtain internal-use computer software from third parties and will be amortized over an estimated useful life of three years, beginning when the related technology is deemed ready for its intended use, in accordance with our policy for the capitalization of internal-use software costs. The \$2.5 million of contingent consideration was deemed to be the total value of technology not ready for its intended use as of the acquisition date. During the three months year ended September 30, 2023 December 31, 2023, \$0.9 \$1.5 million of cash was paid due to the achievement of one two of the software engineering and knowledge transfer milestones, with the related technology deemed ready for its intended use. The remaining contingent consideration liabilities of \$1.6 \$1.0 million are included in "accrued liabilities and other" in our Consolidated Balance Sheets as of September 30, 2023 March 31, 2024, and will be re-evaluated at least quarterly, with the resulting gains and losses recognized as an adjustment to the amount capitalized as costs to obtain internal-use computer software from third parties. No gains or losses on the contingent consideration were recognized during the three and nine months ended September 30, 2023, March 31, 2024 and 2023. See Note 7. Accrued Liabilities and Other for further details regarding our contingent consideration liabilities.

12. Subsequent Events

On October 4, 2023, we entered into a non-cancellable royalty agreement for third-party cloud-based platform and hosting services, with an effective date of September 1, 2023. Our total commitment under this agreement is \$39.0 million, with royalty fees payable over the next three years. See *Contractual Obligations and Commitments* section of *Management's Discussion and Analysis of Financial Condition and Results of Operations* for further details regarding our contractual obligations and commitments as of September 30, 2023.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the our Consolidated Financial Statements and related notes thereto included elsewhere in this Quarterly Report on Form 10-Q. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially and adversely from those anticipated in the forward-looking statements. Please see the section entitled "Safe Harbor Cautionary Statement" above and the risk factors discussed in "Item 1A. Risk Factors" below for a discussion of the uncertainties, risks and assumptions associated with these statements. The following discussion and analysis also includes a discussion of certain non-GAAP financial measures. For a description and reconciliation of the non-GAAP measures discussed in this section, see "Non-GAAP Financial Measures." Measures" below.

Overview

N-able, Inc., a Delaware corporation, and its subsidiaries ("Company", "we," "us" and "our") is a leading global provider of cloud-based software solutions for managed service providers ("MSPs"), enabling them to support digital transformation and growth for small and medium-sized enterprises ("SMEs"), which we define as those enterprises having less fewer than 1,000 employees. With a flexible technology platform and powerful integrations, N-able makes it easy for MSPs to monitor, manage and protect their end-customer systems, data and networks. Our growing portfolio of security, automation and backup and recovery solutions is built for IT services

management professionals. N-able simplifies complex ecosystems and enables customers to solve their most pressing challenges. In addition, we provide extensive, proactive support—through enriching partner programs, hands-on training and growth resources—to help MSPs deliver exceptional value and achieve success at scale. Through our multi-dimensional land and expand model and global presence, we are able to drive strong recurring revenue growth and profitability.

Separation from SolarWinds

Cyber Incident

On August 6, 2020, SolarWinds Corporation (“SolarWinds” or “Parent”) announced that its board of directors had authorized management to explore a potential spin-off of its MSP business into our company, a newly created and separately traded public company, and separate into two distinct, publicly traded companies (the “Separation”).

On July 19, 2021, SolarWinds completed the Separation through a pro-rata distribution (the “Distribution”) of all the outstanding shares of our common stock it held to the stockholders of record of SolarWinds as of the close of business on July 12, 2021 (the “Record Date”). Each SolarWinds stockholder of record received one share of our common stock, \$0.001 par value, for every two shares of SolarWinds common stock, \$0.001 par value, held by such stockholder as of the close of business on the Record Date. SolarWinds distributed 158,020,156 shares of our common stock in the Distribution, which was effective at 11:59 p.m., Eastern Time, on July 19, 2021. The Distribution reflected 316,040,312 shares of SolarWinds common stock outstanding on July 12, 2021 at a distribution ratio of one share of our common stock for every two shares of SolarWinds common stock. In addition, on July 19, 2021, and prior to completion of the Distribution, we issued 20,623,282 newly-issued shares of our common stock in connection with a private placement of N-able’s common stock (the “Private Placement”). As a result of the Distribution, we became an independent public company and our common stock is listed under the symbol “NABL” on the New York Stock Exchange.

Our financial statements for the period from July 20, 2021 forward are Consolidated Financial Statements based on our reported results as a standalone company. The Consolidated Financial Statements as of September 30, 2023 and for the three and nine months ended September 30, 2023 and 2022 are unaudited, but in our opinion include all normal recurring adjustments necessary for a fair statement of the results for the interim periods presented. The Consolidated Balance Sheet as of December 31, 2022 was derived from audited financial statements. The results reported in these Consolidated Financial Statements should not necessarily be taken as indicative of results that may be expected for the entire year. The financial information included herein should be read in conjunction with the audited Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2022, referred to as our “2022 Annual Report.”

SolarWinds Cyber Incident

As previously disclosed, SolarWinds was the victim of a cyberattack on its Orion Software Platform and internal systems, or the Cyber Incident. SolarWinds has confirmed to us that it has concluded its internal investigations related to the Cyber Incident. SolarWinds has not identified SUNBURST in any of its more than 70 non-Orion products and tools, including, as previously disclosed, any of our N-able solutions. SolarWinds, together with its partners, have undertaken extensive measures to investigate, contain, eradicate and remediate the Cyber Incident. As SolarWinds previously disclosed in its investigatory updates, it has substantially completed this process and believes the threat actor is no longer active in its environments.

In response to the Cyber Incident and in connection with the Separation and Distribution, we continue to work to further enhance security, monitoring and authentication of our solutions. Specifically, we have implemented in-product security enhancements to the N-able portfolio of products, including, multi-factor authentication, unified single sign-on services and secure secret vaults. We have also introduced new identity and access controls, scanning and remediation technologies and standards and monitoring tooling across our enterprise IT and production environments. We expect to incur additional expenses in future periods related to continued enhancements to our security measures across our solutions.

Of the expenses SolarWinds recorded related to the Cyber Incident through the Separation and Distribution date of July 19, 2021, none have been allocated to the N-able business and, as a result of the indemnification provisions under the Separation and Distribution Agreement entered into in connection with the Separation and Distribution (the “Separation and Distribution Agreement”), we have not recorded any contingent liabilities with respect to the Cyber Incident as of September 30, 2023 March 31, 2024 and December 31,

2022 December 31, 2023. In addition, as a result of the Cyber Incident, SolarWinds ~~is has been~~ subject to numerous lawsuits and governmental investigations or inquiries. To date, we have not been separately named in such lawsuits and investigations, but in the future we may become subject to lawsuits, investigations or inquiries related to the Cyber Incident. In such event, subject to the terms of the Separation and Distribution Agreement, SolarWinds would indemnify us for costs we may incur.

We believe the Cyber Incident has caused reputational harm to SolarWinds and also had an adverse impact on our reputation, new subscription sales and net retention rates. In 2021, we experienced an adverse impact to new subscription sales and expansion rates relative to historical levels. We believe this was due in part to our decision in response to the Cyber Incident to temporarily reduce investments in demand generation activities through January 2021, as well as a result of certain MSP partners delaying their purchasing decisions as they assessed the potential impact of the Cyber Incident. However, we also have seen consistency among renewal rates with our larger MSP partners and have not observed material adverse trends with respect to the usage of our solutions. In addition, following our resumption of regular demand generation activities in February 2021, we were encouraged by engagements with both prospective and existing MSP partners. In general, our sales cycles and time from contract to revenue recognition are primarily short in nature, and based on trends through the three and nine months ended September 30, 2023, we believe that the adverse impacts of the Cyber Incident on our financial results have diminished. Nevertheless, there is risk that the Cyber Incident may continue to have an adverse impact on our business in future periods, and to the extent such impact continues, including as a result of new discoveries or events, it could have an adverse effect on our business, results of operations, cash flows or financial position.

Results of Operations

Third First Quarter Financial Highlights

Revenue

We deliver a platform of ~~integrated~~ solutions that enables our MSP partners to manage and secure the IT environments and assets for their SME end customers, as well as more efficiently manage their own businesses. Our total revenue was \$107.6 million \$113.7 million and \$93.5 million \$99.8 million for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

As of September 30, 2023 March 31, 2024, we had approximately 25,000 customers. Additionally, as of September 30, 2023 March 31, 2024, we had 2,134 2,187 MSP partners with annualized recurring revenue ("ARR") over \$50,000 on our platform, up from 1,786 1,936 as of September 30, 2022 March 31, 2023, representing an increase of approximately 19% 13%. The number of MSP partners may fluctuate over time as the result of a number of factors. Over the same period, MSP partners with over \$50,000 of ARR on our platform grew from approximately 50% 52% of our total ARR as of September 30, 2022 March 31, 2023 to approximately 55% 56% of our total ARR as of September 30, 2023 March 31, 2024. We determine ARR as the annualized recurring revenue as of the last month of a given period. We calculate ARR by multiplying the recurring revenue and related usage revenue, excluding the impacts of credits and reserves, recognized during the final month of the reporting period from both long-term and month-to-month subscriptions by twelve. We use ARR, and in particular, ARR attributable to MSP partners with over \$50,000 of ARR, to enhance the understanding of our business performance and the growth of our relationships with our MSP partners.

Profitability

We have grown while maintaining high levels of operating efficiency. Our operating income for the three months ended September 30, 2023 March 31, 2024 was \$18.4 million \$20.5 million compared to operating income of \$11.7 million \$14.3 million for the three months ended September 30, 2022 March 31, 2023. Our net income for the three months ended September 30, 2023 March 31, 2024 was \$6.0 million \$7.5 million compared to net income of \$0.3 million \$3.5 million for the three months ended September 30, 2022 March 31, 2023. The increase in net income for the three months ended September 30, 2023 March 31, 2024 was primarily due to an increase in revenue, a decrease in amortization of ~~both~~ acquired technologies and intangibles a decrease in other expense, net, and a decrease in income tax general and administrative expense, partially offset by an increase in research and development expense, an increase in interest expense, net, an increase in sales and marketing expense, an increase in cost of revenue, an increase in income tax expense, a decrease in other income, net and an increase in general and administrative expense interest expense, net. Our Adjusted EBITDA, calculated as net income of \$6.0 million \$7.5 million and \$0.3 million \$3.5 million for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively, excluding amortization of acquired intangible assets and developed technology of \$1.4 million \$1.9 million and \$2.7 million \$2.0 million, respectively, depreciation expense of \$3.9 million \$4.0 million and \$3.3 million \$3.7 million, respectively, income

tax expense of \$4.1 million \$5.7 million and \$4.5 million \$4.6 million, respectively, interest expense, net of \$7.8 million \$7.6 million and \$5.1 million \$7.2 million, respectively, unrealized foreign currency losses of \$1.6 million \$0.8 million and \$1.5 million less than \$0.1 million, respectively, acquisition related costs of \$(0.6) \$(1.4) million and \$0.2 million \$0.3 million, respectively, spin-off costs of \$0.2 million \$0.1 million and \$0.4 million \$0.2 million, respectively, stock-based compensation expense and related employer-paid payroll taxes of \$11.6 million \$13.0 million and \$10.2 million \$10.6 million, respectively, and restructuring costs and other of \$0.6 million and \$0.6 million, respectively, was \$36.6 \$39.6 million and \$28.9 million \$32.7 million for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. For a description and reconciliation of the non-GAAP measures discussed in this section, see *Non-GAAP Financial Measures* below.

Cash Flow

We have built our business to generate strong cash flow over the long term. For the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, cash flows from operations were \$27.5 million \$4.2 million and \$17.1 million \$10.6 million, respectively. Our cash flows from operations were reduced by cash payments for interest of \$7.4 million \$7.3 million and \$4.1 million \$6.7 million for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively, and cash payments for income taxes of \$1.2 million \$1.8 million and \$9.3 million \$4.7 million for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

Components of Our Results of Operations

Revenue

Our revenue consists of the following:

- *Subscription Revenue.* We primarily derive subscription revenue from the sale of subscriptions to the SaaS solutions that we host and manage on our platform. Our subscriptions provide access to the latest versions of our software platform, technical support and unspecified software upgrades and updates. Subscription revenue for our SaaS solutions is generally recognized ratably over the subscription term once the service is made available to the MSP partner or when we have the right to invoice for services performed. In addition, our subscription revenue includes sales of our self-managed solutions, which are hosted and managed by our MSP partners. Subscriptions of our self-managed solutions include term licenses, technical support and

unspecified software upgrades. Revenue from the license performance obligation of our self-managed solutions is recognized at a point in time upon delivery of the access to the licenses and revenue from the performance obligation related to the technical support and unspecified software upgrades of our subscription-based license arrangements is recognized ratably over the agreement period. We generally invoice subscription agreements monthly based on usage or in advance over the subscription period on either a monthly or annual basis.

- *Other Revenue.* Other revenue consists primarily of revenue from the sale of our maintenance services associated with the historical sales of perpetual licenses and revenue from professional services. MSP partners with maintenance agreements are entitled to receive technical support and unspecified upgrades or enhancements to new versions of their solutions on a when-and-if-available basis for the specified agreement period.

Cost of Revenue

- *Cost of Revenue.* Cost of revenue consists of technical support personnel costs, public cloud infrastructure and hosting fees, royalty fees and an allocation of overhead costs for our subscription revenue and maintenance services. We allocate facilities, depreciation, IT and benefits costs based on headcount.
- *Amortization of Acquired Technologies.* We amortize to cost of revenue capitalized costs of technologies acquired in connection with the take private transaction of SolarWinds in early 2016 and subsequent business combinations, including the July 1, 2022 acquisition of Spinpanel B.V. ("Spinpanel"). Amortization related to the take private transaction of SolarWinds concluded during the three months ended March 31, 2023.

Operating Expenses

Operating expenses consist of sales and marketing, research and development and general and administrative expenses as well as amortization of acquired intangibles. Generally, personnel costs are the most significant component of operating expenses and include salaries, bonuses and stock-based compensation and related employer-paid payroll taxes, as well as an allocation of our facilities, depreciation, IT and benefits costs. We had total employees of 1,580, 1,462, 1,598, 1,584, and 1,486 1,538 as of September 30, 2023 March 31, 2024, December 31, 2022 December 31, 2023, and September 30, 2022 March 31, 2023, respectively. Our stock-based compensation expense increased during the three and nine months ended September 30, 2023 March 31, 2024 as compared to the corresponding period of the prior fiscal year primarily due to the impact of new equity awards that were granted to employees following the Separation and Distribution through September 30, 2023 March 31, 2024.

- *Sales and Marketing.* Sales and marketing expenses primarily consist of related personnel costs, including our sales, marketing, partner success and product management teams, as well as an allocation of our facilities, depreciation, IT and benefits costs. Sales and marketing expenses also include the cost of digital marketing programs such as paid search, search engine optimization and management and website maintenance and design, marketing development funds, as well as the cost of events for existing and prospective customers. We expect to continue to grow our sales and marketing organization over time to drive new MSP partner adds, retain and expand with existing MSP partners and pursue initiatives designed to help our MSP partners succeed and grow.

- *Research and Development.* Research and development expenses primarily consist of related personnel costs, including our engineering, development operations, user experience and security operations teams, as well as an allocation of our facilities, depreciation, IT and benefits costs. We expect to continue to grow our research and development organization over time and also to incur additional expenses associated with bringing new product offerings to market and our enhancements of security, monitoring and authentication of our solutions.

- *General and Administrative.* General and administrative expenses primarily consist of personnel costs for executives, finance, legal, human resources, business applications and other administrative personnel, general restructuring charges and other acquisition-related costs, professional fees and other general corporate expenses, as well as an allocation of our facilities, depreciation, IT and benefits costs. We expect to continue to grow our general and administrative organization over time to support continued growth of our business.

- *Amortization of Acquired Intangibles.* We amortize to operating expenses capitalized costs of intangible assets primarily acquired in connection with the take private transaction of SolarWinds in early 2016 and subsequent business combinations, including the July 1, 2022 acquisition of Spinpanel. Amortization related to the take private transaction of SolarWinds concluded during the three months ended March 31, 2023.

Other Expense, Net

Other expense, net primarily consists of interest expense related to the Credit Agreement and losses resulting from changes in exchange rates on foreign currency denominated accounts, partially offset by gains resulting from changes in exchange rates on foreign currency denominated accounts and dividend income from our money market fund financial assets. See *Item 3*.

Quantitative and Qualitative Disclosures About Market Risk for further details additional information on how interest rates impact our financial results.

Foreign Currency

As a global company, we face exposure to adverse movements in foreign currency exchange rates. Fluctuations in foreign currencies impact the amount of total assets, liabilities, revenue, operating expenses and cash flows that we report for our foreign subsidiaries upon the translation of these amounts into U.S. dollars. See *Item 3. Quantitative and Qualitative Disclosures About Market Risk* for further details additional information on how foreign currency impacts our financial results.

Income Tax Expense

Income tax expense consists of domestic and foreign corporate income taxes related to the sale of subscriptions. Our effective tax rate will be affected by many factors including changes in tax laws, regulations or rates, new interpretations of existing laws or regulations,

valuation allowance, uncertain tax positions, stock-based compensation, permanent nondeductible book and tax differences, shifts in the allocation of income earned throughout the world and changes in overall levels of income before tax.

Comparison of the Three Months Ended **September 30, 2023** **March 31, 2024** and **2022** **2023**

Revenue

		Three Months Ended March 31,							
		2024							
		2024							
		2024							
		Amount							
		Amount							
		Amount				Percentage of Revenue		Amount	
								Percentage of Revenue	
		Three Months Ended September 30,							
		2023		2022					
		Percentage		Percentage					
		Amount		Amount		of Revenue		Change	

through the third quarter of 2023, we have seen the impact on revenue growth continue to dissipate. Please see Item 1A. Risk Factors in the 2022 Annual Report for further details regarding risks to our business that may result from the COVID-19 pandemic.

Subscription Revenue. Subscription revenue increased \$14.0 million \$14.1 million, or 15.3% 14.4%, for the three months ended September 30, 2023 March 31, 2024 compared to the three months ended September 30, 2022 March 31, 2023. The increase in subscription revenue was primarily driven by growth in sales of our data protection, security and remote monitoring and management solutions, inclusive of the impact from long-term committed contracts. Subscription revenue as a percentage of our total revenue was 97.8% 98.0% for the three months ended September 30, 2023 March 31, 2024, compared to 97.5% 97.6% for the three months ended September 30, 2022 March 31, 2023.

Our annual dollar-based net revenue retention rate for our subscription products was approximately 108% 111% and 104% 103% for the trailing twelve-month periods ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively, and was driven primarily by strong customer retention and expansion in our MSP products, in addition to favorable movements in foreign currency exchange rates. To calculate our annual dollar-based net revenue retention rate, we first identify the MSP partners with active paid subscriptions in the last month of the prior-year period, or the base partners. We then divide the subscription revenue in the last month of the current-year period attributable to the base partners by the revenue attributable to those base partners in the last month of the prior-year period. Our dollar-based net revenue retention rate for a particular period is then obtained by averaging the rates from that particular period with the results from each of the prior eleven months. Our calculation includes any expansion revenue and is net of any contraction or cancellation, but excludes credits and revenue attributable to any MSP partner who was not a partner with a paid subscription in the prior period.

Other Revenue. Other revenue increased \$0.0 million decreased \$0.1 million, or 1.9% 6.1%, for the three months ended September 30, 2023 March 31, 2024 compared to the three months ended September 30, 2022 March 31, 2023, primarily due to a decrease in maintenance revenue, partially offset by an increase in professional services revenue. Other revenue as a percentage of our total revenue was 2.2% 2.0% for the three months ended September 30, 2023 March 31, 2024, compared to 2.5% 2.4% for the three months ended September 30, 2022 March 31, 2023.

Cost of Revenue

Three Months Ended March 31,					
2024	2024	Amount	Amount	Amount	Percentage of Revenue Amount Percentage of Revenue Change
Three Months Ended September 30,					
2023	2022	Percentage	Percentage	Amount of Revenue	Amount of Revenue Change
(in thousands, except percentages)					
(in thousands, except percentages)					
(in thousands, except percentages)					
(in thousands, except percentages)					
Cost of revenue					
Cost of revenue					

Cost of revenue	Cost of revenue	\$16,893	15.7 %	\$14,587	15.6 %	\$2,306
Amortization of acquired technologies	Amortization of acquired technologies	463	0.4	516	0.6	(53)
Total cost of revenue	Total cost of revenue	<u>\$17,356</u>	<u>16.1 %</u>	<u>\$15,103</u>	<u>16.1 %</u>	<u>\$2,253</u>

Total cost of revenue increased \$2.3 million \$2.1 million, or 14.9% 12.9%, for the three months ended September 30, 2023 March 31, 2024 compared to the three months ended September 30, 2022 March 31, 2023, primarily due to an increase in public cloud infrastructure and hosting fees and royalties related to our subscription products of \$1.6 \$1.3 million, and as well as an increase in depreciation of servers and amortization of capitalized internal-use software costs of \$0.8 million \$0.6 million, partially offset by a decrease in stock-based compensation expense of \$0.1 million and an increase in allocated facilities and IT costs of \$0.1 million and a decrease in amortization of intangible assets acquired in connection with the take private transaction of SolarWinds in early 2016 and subsequent business combinations of less than \$0.1 million. Amortization related to the take private transaction of SolarWinds concluded during the three months ended March 31, 2023.

Operating Expenses

Three Months Ended March 31,								
2024		2024						
2024		Amount						
Amount		Amount						
Amount				Percentage of Revenue	Amount	Percentage of Revenue		
				Change				
Three Months Ended September 30,								
2023		2022						
Percentage		Percentage						
Amount		Amount		of Revenue	Change			
(in thousands, except percentages)								
(in thousands, except percentages)								
(in thousands, except percentages)								
(in thousands, except percentages)								
Sales and marketing								
Sales and marketing								
Sales and marketing	Sales and marketing	\$33,660	31.3 %	\$31,149	33.3 %	\$2,511		
Research and development	Research and development	19,752	18.4	16,038	17.1	3,714		
General and administrative	General and administrative	18,438	17.1	18,050	19.3	388		

Amortization of acquired intangibles	Amortization of acquired intangibles				
Total operating expenses	11	—	1,465	1.6	(1,454)
Total operating expenses	\$ 71,861	66.8 %	\$ 66,702	71.3 %	\$ 5,159

Sales and Marketing. Sales and marketing expenses increased \$2.5 million \$3.3 million, or 8.1% 10.0%, primarily due to an increase in personnel costs driven by headcount and salary increases of \$2.3 million \$1.8 million, which includes an increase in stock-based compensation expense of \$0.6 million, as well as an increase in travel and event-related costs of \$1.6 million \$1.0 million, an increase in advertising expense of \$0.4 million and an increase in subscription allocated facilities and IT costs of \$0.2 million \$0.1 million, partially offset by a decrease in marketing program costs of \$1.3 million and a decrease in contract services subscription costs of \$0.1 million.

Research and Development. Research and development expenses increased \$3.7 million \$3.3 million, or 23.2% 17.4%, primarily due to an increase in personnel costs driven by headcount and salary increases of \$3.9 million \$2.7 million, which includes an increase in stock-based compensation expense of \$0.6 million, as well as an increase in subscription costs of \$0.4 million \$0.5 million, a decrease in capitalized internal-use software costs of \$0.3 million and an increase in allocated facilities and IT costs of \$0.1 million \$0.2 million, partially offset by an increase a decrease in capitalized internal-use software restructuring costs of \$0.6 million and a decrease in contract services costs of \$0.1 million.

General and Administrative. General and administrative expenses increased \$0.4 million decreased \$0.3 million, or 2.1% 1.7%, primarily due to an increase gains on contingent consideration related to the July 1, 2022 acquisition of Spinpanel of \$1.4 million, as well as a decrease in bad debt expense allocated facilities and IT costs of \$0.8 million \$0.4 million, a decrease in director and officer liability insurance costs of \$0.3 million and a decrease in costs associated with our separation from SolarWinds of \$0.2 million, partially offset by an increase in personnel costs driven by headcount and salary increases of \$0.7 \$0.6 million, which includes an increase in stock-based compensation expense of \$0.4 million, an increase in professional fees of \$0.1 million \$0.5 million, an increase in restructuring costs of \$0.4 million and an increase in allocated facilities and IT costs of \$0.1 million, partially offset by gains on contingent consideration related to the July 1, 2022 acquisition of Spinpanel of \$0.6 million, a decrease in costs associated with our separation from SolarWinds of \$0.2 million, a decrease in acquisition-related costs of \$0.2 million, a decrease in director and officer liability insurance costs of \$0.2 million, and a decrease in rent expense of \$0.1 million \$0.3 million. See Note 3. Acquisitions, Note 6. Fair Value Measurements, and Note 11. Commitments and Contingencies of in the Notes to Consolidated Financial Statements for further details regarding the acquisition of Spinpanel.

Amortization of Acquired Intangibles. Amortization of acquired intangibles decreased \$1.5 million \$0.6 million, or 99.2% 97.5%, primarily due to the conclusion of amortization of intangible assets acquired in connection with the take private transaction of SolarWinds in early 2016 during the three months ended March 31, 2023.

Interest Expense, Net

	Three Months Ended September 30,				
	2023		2022		
	Amount	Percentage of Revenue	Percentage of Revenue		Change
			(in thousands, except percentages)		
Interest expense, net	\$ (7,802)	(7.3)%	\$ (5,088)	(5.4)%	\$ (2,714)

	Three Months Ended March 31,				
	2024		2023		
	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Change
(in thousands, except percentages)					
Interest expense, net	\$ (7,621)	(6.7)%	\$ (7,200)	(7.2)%	\$ (421)

Interest expense, net increased by **\$2.7 million** **\$0.4 million**, or **53.3%** **5.8%**, in the three months ended **September 30, 2023** **March 31, 2024** compared to the three months ended **September 30, 2022** **March 31, 2023**, primarily due to the impact of increased interest rates on borrowings under the Credit Agreement during the three months ended **September 30, 2023** **March 31, 2024**. Changes in interest rates have had and could continue to have an adverse impact on our financial results and cash flows since outstanding borrowings under the Credit Agreement bear interest at variable rates, and we expect interest rates under the Credit Agreement to continue to increase in the year ending December 31, 2023, compared to the year ended December 31, 2022. See Note 8. Debt in the Notes to Consolidated Financial Statements for further details regarding the Credit Agreement.

Other Expense, Income, Net

	Three Months Ended September 30,				
	2023		2022		
	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Change
(in thousands, except percentages)					
Other expense, net	\$ (423)	(0.4)%	\$ (1,795)	(1.9)%	\$ 1,372

	Three Months Ended March 31,				
	2024		2023		
	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Change
(in thousands, except percentages)					
Other income, net	\$ 285	0.3 %	\$ 988	1.0 %	\$ (703)

Other expense, income, net decreased by **\$1.4 million** **\$0.7 million**, or **76.4%** **71.2%**, in the three months ended **September 30, 2023** **March 31, 2024** compared to the three months ended **September 30, 2022** **March 31, 2023**, primarily due to a decrease in the impact of changes in foreign currency exchange rates of **\$1.5 million** related to various accounts for the period, partially offset by an increase in dividend income from our money market fund financial assets of **\$0.9 million** and a decrease in the impact of changes in foreign currency exchange rates of **\$0.5 million** related to various accounts for the period. **\$0.8 million**.

Income Tax Expense

Three Months Ended March 31,	
2024	
2024	
2024	
Amount	

		Amount				Percentage of Revenue Amount	Percentage of Revenue Change
		Amount					
		Three Months Ended September 30,					
		2023		2022			
		Percentage Amount		Percentage Amount		Change	
		(in thousands, except percentages)					
		(in thousands, except percentages)					
		(in thousands, except percentages)					
		(in thousands, except percentages)					
Income before income taxes	Income before income taxes	\$ 10,125	9.4 %	\$ 4,839	5.2 %	\$ 5,286	
Income tax expense	Income tax expense	4,112	3.8	4,545	4.9	(433)	
Effective tax rate	Effective tax rate	40.6 %		93.9 %		(53.3)% tax rate 43.3 %	56.4 % (13.1)%

Our income tax expense for the three months ended September 30, 2023 decreased March 31, 2024 increased by \$0.4 million \$1.1 million as compared to the three months ended September 30, 2022 March 31, 2023. The effective tax rate decreased to 40.6% 43.3% for the period primarily due to a decrease in the amount of the unbefited loss in the United States, partially offset by an increase in income before income taxes outside of the United States. For additional discussion about our income taxes, see Note 10. Income Taxes of in the Notes to Consolidated Financial Statements.

Comparison of the Nine Months Ended September 30, 2023 and 2022

Revenue

Nine Months Ended September 30,							
2023				2022			
		Percentage of				Percentage of	
		Amount	Revenue	Amount	Revenue	Amount	Change
(in thousands, except percentages)							
Subscription Revenue	\$ 306,005	97.6 %	\$ 269,217	97.5 %	\$ 36,788		
Other revenue	7,460	2.4	6,797	2.5	663		
Total subscription and other revenue	\$ 313,465	100.0 %	\$ 276,014	100.0 %	\$ 37,451		

Total revenue increased \$37.5 million, or 13.6%, for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022. We base revenue by geography on the billing address of each MSP partner. Based on MSP partner location, revenue from the United States was approximately 48.7% and 48.4% of total revenue for the nine months ended September 30, 2023 and 2022, respectively. Revenue from the United Kingdom was approximately 10.3% and 10.4% of total revenue for the nine months ended September 30, 2023 and 2022, respectively. Other than the United States and the United Kingdom, no single country accounted for 10% or more of our total revenue during these periods.

Subscription Revenue. Subscription revenue increased \$36.8 million, or 13.7%, for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022. The increase in subscription revenue was primarily driven by growth in sales of our data protection, security, and remote monitoring and management solutions. Subscription revenue as a percentage of our total revenue was 97.6% for the nine months ended September 30, 2023, compared to 97.5% for the nine months ended September 30, 2022.

Our annual dollar-based net revenue retention rate for our subscription products was approximately 108% and 104% for the trailing twelve-month periods ended September 30, 2023 and 2022, respectively, and was driven primarily by strong customer retention and expansion in our MSP products, in addition to favorable movements in foreign currency exchange rates.

Other Revenue. Other revenue increased \$0.7 million, or 9.8%, for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, primarily due to an increase in professional services revenue. Other revenue as a percentage of our total revenue was 2.4% for the nine months ended September 30, 2023, compared to 2.5% for the nine months ended September 30, 2022.

Cost of Revenue

	Nine Months Ended September 30,					
	2023		2022			
	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Change	
					(in thousands, except percentages)	
Cost of revenue						
Cost of revenue	\$ 49,205	15.7 %	\$ 41,492	15.0 %	\$ 7,713	
Amortization of acquired technologies	1,382	0.4	2,043	0.7	(661)	
Total cost of revenue	\$ 50,587	16.1 %	\$ 43,535	15.8 %	\$ 7,052	

Total cost of revenue increased \$7.1 million, or 16.2%, for the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, primarily due to an increase in public cloud infrastructure and hosting fees and royalties related to our subscription products of \$4.5 million, an increase in depreciation of servers and amortization of capitalized internal-use software costs of \$2.4 million, an increase in personnel costs driven by headcount and salary increases of \$0.6 million, which includes an increase in stock-based compensation expense of \$0.1 million, and an increase in allocated facilities and IT costs of \$0.1 million, partially offset by a decrease in amortization of intangible assets acquired in connection with the take private transaction of SolarWinds in early 2016 and subsequent business combinations of \$0.7 million. Amortization related to the take private transaction of SolarWinds concluded during the three months ended March 31, 2023.

Operating Expenses

	Nine Months Ended September 30,					
	2023		2022			
	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Change	
					(in thousands, except percentages)	
Sales and marketing						
Sales and marketing	\$ 101,112	32.3 %	\$ 94,223	34.1 %	\$ 6,889	

Research and development	58,796	18.8	46,664	16.9	12,132
General and administrative	53,877	17.2	54,119	19.6	(242)
Amortization of acquired intangibles	585	0.2	4,386	1.6	(3,801)
Total operating expenses	\$ 214,370	68.4 %	\$ 199,392	72.2 %	\$ 14,978

Sales and Marketing. Sales and marketing expenses increased \$6.9 million, or 7.3%, primarily due to an increase in personnel costs driven by headcount and salary increases of \$5.8 million, which includes an increase in stock-based compensation expense of \$1.9 million, an increase in marketing program costs of \$1.7 million, and an increase in subscription costs of \$0.6 million, partially offset by a decrease in allocated facilities and IT costs of \$0.8 million and a decrease in contract services costs of \$0.3 million.

Research and Development. Research and development expenses increased \$12.1 million, or 26.0%, primarily due to an increase in personnel costs driven by headcount and salary increases of \$11.1 million, which includes an increase in stock-based compensation expense of \$1.7 million, an increase in contract services costs of \$1.1 million, an increase in subscription costs of \$0.7 million, an increase in restructuring costs of \$0.5 million, and an increase in allocated facilities and IT costs of \$0.3 million, partially offset by an increase in capitalized internal-use software costs of \$2.1 million.

General and Administrative. General and administrative expenses decreased \$0.2 million, or 0.4%, primarily due to a decrease in contract services costs of \$1.0 million, gains on contingent consideration related to the July 1, 2022 acquisition of Spinpanel of \$1.0 million, a decrease in costs associated with our separation from SolarWinds of \$0.9 million, a decrease in director and officer liability insurance costs of \$0.6 million, and a decrease in rent expense of \$0.3 million, partially offset by an increase in personnel costs driven by headcount and salary increases of \$2.3 million, which includes an increase in stock-based compensation expense of \$1.2 million, an increase in bad debt expense of \$0.8 million, and an increase in allocated facilities and IT costs of \$0.4 million. See Note 3. Acquisitions, Note 6. Fair Value Measurements, and Note 11. Commitments and Contingencies of the Notes to Consolidated Financial Statements for further details regarding the acquisition of Spinpanel.

Amortization of Acquired Intangibles. Amortization of acquired intangibles decreased \$3.8 million, or 86.7%, primarily due to the conclusion of amortization of intangible assets acquired in connection with the take private transaction of SolarWinds in early 2016 during the three months ended March 31, 2023.

Interest Expense, Net

	Nine Months Ended September 30,					
	2023		2022			
	Amount	Percentage of		Amount	Percentage of	
		Revenue	Revenue		Revenue	Change
(in thousands, except percentages)						
Interest expense, net	\$ (22,532)	(7.2)%	\$ (12,459)	(4.5)%	\$ (10,073)	

Interest expense, net increased by \$10.1 million, or 80.8%, in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, primarily due to the impact of increased interest rates on borrowings under the Credit Agreement during the nine months ended September 30, 2023. Changes in interest rates have had and could continue to have an adverse impact on our financial results and cash flows since outstanding borrowings under the Credit Agreement bear interest at variable rates, and we expect interest rates under the Credit Agreement to continue to increase in the year ending December 31, 2023, compared to the year ended December 31, 2022. See Note 8. Debt of the Notes to Consolidated Financial Statements for further details regarding the Credit Agreement.

Other Income (Expense), Net

	Nine Months Ended September 30,					
	2023		2022			
	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Percentage of Change	
					(in thousands, except percentages)	
Other income (expense), net	\$ 1,569	0.5 %	\$ (561)	(0.2)%	\$ 2,130	

Other income (expense), net increased by \$2.1 million, or 379.7%, in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, primarily due to an increase in dividend income from our money market fund financial assets of \$2.3 million, partially offset by an increase in the impact of changes in foreign currency exchange rates of \$0.1 million related to various accounts for the period.

Income Tax Expense

	Nine Months Ended September 30,					
	2023		2022			
	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Percentage of Change	
					(in thousands, except percentages)	
Income before income taxes	\$ 27,545	8.8 %	\$ 20,067	7.3 %	\$ 7,478	
Income tax expense	13,484	4.3	10,345	3.7	3,139	
Effective tax rate	49.0 %		51.6 %		(2.6)%	

Our income tax expense for the nine months ended September 30, 2023 increased by \$3.1 million as compared to the nine months ended September 30, 2022. The effective tax rate decreased to 49.0% for the period primarily due to a decrease in the amount of the unbefited loss in the United States, partially offset by an increase in income before income taxes outside of the United States. For additional discussion about our income taxes, see Note 10, *Income Taxes* of the Notes to Consolidated Financial Statements.

Non-GAAP Financial Measures

In addition to financial measures prepared in accordance with GAAP, we use certain non-GAAP financial measures to clarify and enhance our understanding, and aid in the period-to-period comparison, of our performance. We believe that these non-GAAP financial measures provide supplemental information that is meaningful when assessing our operating performance because they exclude the impact of certain amounts that our management and Board of Directors do not consider part of core operating results when assessing our operational performance, allocating resources, preparing annual budgets and determining compensation. Accordingly, these non-GAAP financial measures may provide insight to investors into the motivation and decision-making of management in operating the business. Investors are encouraged to review the reconciliation of each of these non-GAAP financial measures to its most comparable GAAP financial measure included below.

While we believe that these non-GAAP financial measures provide useful supplemental information, non-GAAP financial measures have limitations and should not be considered in isolation from, or as a substitute for, their most comparable GAAP

measures. These non-GAAP financial measures are not prepared in accordance with GAAP, do not reflect a comprehensive system of accounting and may not be comparable to similarly titled measures of other companies due to potential differences in their financing and accounting methods, the book value of their assets, their capital structures, the method by which their assets were acquired and the manner in which they define non-GAAP measures. Items such as the amortization of intangible assets, stock-based compensation

expense and related employer-paid payroll taxes, acquisition related adjustments, spin-off costs related to associated with the Separation and Distribution, as well as the related tax impacts of these items can have a material impact on our GAAP financial results.

Non-GAAP Operating Income and Non-GAAP Operating Margin

We provide non-GAAP operating income and related non-GAAP operating margins excluding such items as stock-based compensation expense and related employer-paid payroll taxes, amortization of acquired intangible assets, acquisition related costs, spin-off costs and restructuring costs and other. We define non-GAAP operating margin as non-GAAP operating income divided by total revenue. Management believes these measures are useful for the following reasons:

- *Stock-Based Compensation Expense and Related Employer-Paid Payroll Taxes.* We provide non-GAAP information that excludes expenses related to stock-based compensation and related employer-paid payroll taxes associated with our employees' participation in Nable's stock-based incentive compensation plans. We believe that the exclusion of stock-based compensation expense provides for a better comparison of our operating results to prior periods and to our peer companies as the calculations of stock-based compensation vary from period to period and company to company due to different valuation methodologies, subjective assumptions and the variety of award types. Employer-paid payroll taxes on stock-based compensation is dependent on our stock price and the timing of the taxable events related to the equity awards, over which our management has little control, and does not necessarily correlate to the core operation of our business. Because of these unique characteristics of stock-based compensation and related employer-paid payroll taxes, management excludes these expenses when analyzing the organization's business performance.
- *Amortization of Acquired Technologies and Intangible Assets.* We provide non-GAAP information that excludes expenses related to purchased technologies and intangible assets associated with our acquisitions. We believe that eliminating this expense from our non-GAAP measures is useful to investors because the amortization of acquired technologies and intangible assets can be inconsistent in amount and frequency and is significantly impacted by the timing and magnitude of our acquisition transactions, which also vary in frequency from period to period. Accordingly, we analyze the performance of our operations in each period without regard to such expenses.
- *Acquisition Related Costs.* We exclude certain expense items resulting from acquisitions, such as legal, accounting and advisory fees, changes in fair value of contingent consideration, costs related to integrating the acquired businesses, deferred compensation, severance and retention expense. We consider these adjustments, to some extent, to be unpredictable and dependent on a significant number of factors that are outside of our control. Furthermore, acquisitions result in operating expenses that would not otherwise have been incurred by us in the normal course of our organic business operations. We believe that providing non-GAAP measures that exclude acquisition related costs allows investors to better review and understand the historical and current results of our continuing operations and also facilitates comparisons to our historical results and results of less acquisitive peer companies, both with and without such adjustments.
- *Spin-off Costs.* We exclude certain expense items resulting from the spin-off into a newly created and separately traded public company. These costs include legal, accounting and advisory fees, system implementation costs and other incremental costs incurred by us related to the Separation and Distribution. The spin-off transaction results in operating expenses that would not otherwise have been incurred by us in the normal course of our organic business operations. We believe that providing non-GAAP measures that exclude these costs facilitates a more meaningful evaluation of our operating performance and comparisons to our past operating performance.
- *Restructuring Costs and Other.* We provide non-GAAP information that excludes restructuring costs such as severance, certain employee relocation costs and the estimated costs of exiting and terminating facility lease commitments, as they relate to our corporate restructuring and exit activities. These costs are inconsistent in amount and are significantly impacted by the timing and nature of these events. Therefore, although we may incur these types of expenses in the future, we believe that eliminating these costs for purposes of calculating the non-GAAP financial measures facilitates a more meaningful evaluation of our operating performance and comparisons to our past operating performance.

Three Months Ended March 31,

Three Months Ended March 31,

		Three Months Ended March 31,							
		2024							
		2024							
		Three Months Ended September 30,			Nine Months Ended September 30,				
		(in thousands, except margin data)							
		2023		2022		2023			
		(in thousands, except margin data)			(in thousands, except margin data)				
		(in thousands, except margin data)							
GAAP operating income	GAAP operating income	\$ 18,350	\$ 11,722	\$ 48,508	\$ 33,087				
Stock-based compensation expense and related employer-paid payroll taxes	Stock-based compensation expense and related employer-paid payroll taxes	11,575	10,222	34,225	28,980				
Stock-based compensation expense and related employer-paid payroll taxes									
Stock-based compensation expense and related employer-paid payroll taxes									
Amortization of acquired technologies	Amortization of acquired technologies	463	516	1,382	2,043				
Amortization of acquired intangibles	Amortization of acquired intangibles	11	1,465	585	4,386				
Amortization of acquired intangibles									
Amortization of acquired intangibles									
Acquisition related costs	Acquisition related costs								
Acquisition related costs									
Acquisition related costs	Acquisition related costs	(609)	237	(618)	506				
Spin-off costs	Spin-off costs	166	394	623	1,348				
Spin-off costs									
Spin-off costs									
Restructuring costs and other	Restructuring costs and other								
Restructuring costs and other									

Restructuring costs and other	Restructuring costs and other	582	551	1,618	980
Non-GAAP operating income	Non-GAAP operating income	\$ 30,538	\$ 25,107	\$ 86,323	\$ 71,330
Non-GAAP operating income					
Non-GAAP operating income					
GAAP operating margin					
GAAP operating margin					
GAAP operating margin	GAAP operating margin	17.1 %	12.5 %	15.5 %	12.0 %
Non-GAAP operating margin	Non-GAAP operating margin	28.4 %	26.8 %	27.5 %	25.8 %
Non-GAAP operating margin					
Non-GAAP operating margin					

Adjusted EBITDA and Adjusted EBITDA Margin

We regularly monitor adjusted EBITDA and adjusted EBITDA margin, as they are measures we use to assess our operating performance. We define adjusted EBITDA as net income or loss, excluding amortization of acquired intangible assets and developed technology, depreciation expense, income tax expense (benefit), interest expense, net, unrealized foreign currency losses (gains), acquisition related costs, spin-off costs, stock-based compensation expense and related employer-paid payroll taxes and restructuring and other costs. We define adjusted EBITDA margin as adjusted EBITDA divided by total revenue. Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations include:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- adjusted EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our related party debt;
- adjusted EBITDA does not reflect tax payments that may represent a reduction in cash available to us; and
- other companies, including companies in our industry, may calculate adjusted EBITDA differently, which reduces its usefulness as a comparative measure.

Because of these limitations, you should consider adjusted EBITDA alongside other financial performance measures, including operating income and net income and our other GAAP results. In evaluating adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as, or similar to, some of the adjustments in this presentation. Our presentation of adjusted EBITDA should not be construed as an inference that our future results will be unaffected by the types of items excluded from the calculation of adjusted EBITDA. Adjusted EBITDA is not a presentation made in accordance with GAAP and the use of the term varies from others in our industry.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands, except margin data)			
(in thousands, except margin data)				

(in thousands, except margin data)									
(in thousands, except margin data)									
Net income	Net income	\$	6,013	\$	294	\$	14,061	\$	9,722
Amortization	Amortization		1,437		2,711		4,825		8,548
Amortization									
Amortization									
Depreciation									
Depreciation									
Depreciation	Depreciation		3,892		3,326		11,317		9,722
Income tax expense	Income tax expense		4,112		4,545		13,484		10,345
Income tax expense									
Income tax expense									
Interest expense, net									
Interest expense, net									
Interest expense, net	Interest expense, net		7,802		5,088		22,532		12,459
Unrealized foreign currency losses	Unrealized foreign currency losses		1,582		1,486		2,137		889
Unrealized foreign currency losses									
Unrealized foreign currency losses									
Acquisition related costs	Acquisition related costs		(609)		237		(618)		506
Acquisition related costs									
Acquisition related costs									
Spin-off costs									
Spin-off costs									
Spin-off costs	Spin-off costs		166		394		623		1,348
Stock-based compensation expense and related employer-paid payroll taxes	Stock-based compensation expense and related employer-paid payroll taxes		11,575		10,222		34,225		28,980
Stock-based compensation expense and related employer-paid payroll taxes									
Stock-based compensation expense and related employer-paid payroll taxes									
Restructuring costs and other									
Restructuring costs and other									

Restructuring costs and other	Restructuring costs and other	582	551	1,618	980
Adjusted EBITDA	Adjusted EBITDA	\$ 36,552	\$ 28,854	\$ 104,204	\$ 83,499
Adjusted EBITDA					
Adjusted EBITDA margin	Adjusted EBITDA margin	34.0 %	30.9 %	33.2 %	30.3 %
Adjusted EBITDA margin					
Adjusted EBITDA margin					

Liquidity and Capital Resources

Cash and cash equivalents were \$127.4 million \$139.2 million as of September 30, 2023 March 31, 2024. As our sales and operating cash flows are primarily generated by international entities in the United Kingdom and Canada, our international subsidiaries held approximately \$121.5 million \$136.3 million of cash and cash equivalents, of which 73.4% 85.1%, 10.0% 9.9% and 7.2% 0.1% were held in United States Dollars, Euros and British Pound Sterling, respectively. We intend either to invest our foreign earnings permanently into foreign operations or to remit these earnings to our United States entities in a tax-efficient manner. The U.S. Tax Cuts and Jobs Act of 2017 imposed a mandatory transition tax on accumulated foreign earnings and eliminates United States federal income taxes on foreign subsidiary distributions. As a result, our earnings in foreign jurisdictions are generally available for distribution to the United States without significant U.S. tax consequences.

Our primary source of cash for funding operations and growth has been through cash provided by operating activities. Given the uncertainty in the rapidly changing market and economic conditions, we continue to evaluate the nature and extent of the impact to our business and financial position. However, despite this uncertainty, we believe that our existing cash and cash equivalents and our cash flows from operating activities will be sufficient to fund our operations and meet our commitments for capital expenditures for at least the next twelve months.

In connection with the Separation and Distribution, on July 19, 2021, certain subsidiaries of the Company entered into a credit agreement (the "Credit Agreement") with JPMorgan Chase, Bank, N.A. as administrative agent and collateral agent and the lenders from time to time party thereto. The Credit Agreement provides for \$410.0 million of first lien secured credit facilities (the "Credit Facilities"), consisting of a \$60.0 million revolving credit facility (the "Revolving Facility"), and a \$350.0 million term loan facility (the "Term Loan"). On July 19, 2021, prior to the completion of the Distribution, the Company distributed approximately \$16.5 million, representing the proceeds from the Term Loan, net of the repayment of related party debt due to SolarWinds Holdings, Inc., payment of intercompany trade payables, and fees and other transaction-related expenses, to SolarWinds. The Revolving Facility is primarily available for general corporate purposes. We had total borrowings of \$335.5 million \$334.5 million and \$337.0 million \$335.0 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, net of debt issuance costs of \$7.5 million \$6.7 million and \$8.6 million, \$7.1 million, respectively. See Note 8. Debt of the Notes to Consolidated Financial Statements for further details regarding the Credit Agreement.

Although we are not currently a party to any material definitive agreement regarding potential investments in, or acquisitions of, complementary businesses, applications or technologies, we may enter into these types of arrangements, which could reduce our cash and cash equivalents, require us to seek additional equity or debt financing or repatriate cash generated by our international operations. Additional funds from financing arrangements may not be available on terms favorable to us or at all.

During the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, we did not have any relationships with unconsolidated organizations or financial partnerships, such as structured finance or special purpose entities that would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Summary of Cash Flows

Summarized cash flow information is as follows:

		Three Months Ended		Three Months Ended March 31,	
		March 31,		2024	2023
		Nine Months Ended			
		September 30,			
		2023	2022		
		(in thousands)			
		(in thousands)			
		(in thousands)			
		(in thousands)			
Net cash provided by operating activities	Net cash provided by operating activities	\$ 58,869	\$ 53,015		
Net cash used in investing activities	Net cash used in investing activities	(17,162)	(22,504)		
Net cash used in financing activities	Net cash used in financing activities	(11,950)	(7,632)		
Effect of exchange rate changes on cash and cash equivalents	Effect of exchange rate changes on cash and cash equivalents	(1,171)	(1,886)		
Net increase in cash and cash equivalents	Net increase in cash and cash equivalents	<u>\$ 28,586</u>	<u>\$ 20,993</u>		
Net decrease in cash and cash equivalents					

Operating Activities

Our primary source of cash from operating activities is cash collections from our MSP partners and our distributors. We expect cash inflows from operating activities to be affected by the timing of our sales and the consumption of our solutions by our MSP partners. Our primary uses of cash from operating activities are for personnel-related expenditures, and other general operating expenses, as well as payments related to taxes, interest and facilities.

Cash provided by operating activities increased decreased in the nine three months ended September 30, 2023 March 31, 2024 as compared to the nine three months ended September 30, 2022 March 31, 2023, primarily due to an increase in income taxes payable, an

increase a decrease in accrued liabilities and other, an increase in accounts payable, a decrease in payments due to and from affiliates, and an increase in other long-term liabilities, partially offset by an increase in prepaid expenses and other assets, an increase a decrease in accounts receivable, an increase in income taxes receivable, payable, an increase in other long-term assets, a decrease in other long-term liabilities and an increase in deferred revenue, revenue, partially offset by a decrease in income taxes receivable, a decrease in accounts receivable and an increase in income taxes payable. The net cash outflow of \$6.0 million \$20.5 million and \$4.6 \$8.9 million resulting from the changes in our operating assets and liabilities for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively, excluding the changes noted above, was primarily due to the timing of sales, cash payments and receipts.

Investing Activities

Investing cash flows consist of cash used for acquisitions, net of cash acquired, capital expenditures and intangible assets. Our capital expenditures principally relate to purchases of servers for cloud infrastructure primarily to support our data protection solutions, as well as leasehold improvements, computers and equipment to support our domestic and international office locations. Purchases of intangible assets consist of capitalized research and development costs.

Net cash used in investing activities decreased in the nine three months ended September 30, 2023 March 31, 2024 as compared to the nine three months ended September 30, 2022 March 31, 2023, primarily due to decreases in acquisitions, net of cash acquired, partially offset by increases a decrease in capitalized research and development costs related to internal-use software, and increases partially offset by an increase in capital expenditures to support our domestic and international office locations.

Financing Activities

Financing cash flows consist of payments of tax withholding obligations related to restricted stock, the exercise of stock options, proceeds from the issuance of common stock under the Employee Stock Purchase Plan, deferred acquisition payments and repayments of borrowings from the Credit Agreement.

Net cash used in financing activities increased in the nine three months ended September 30, 2023 March 31, 2024 as compared to the nine three months ended September 30, 2022 March 31, 2023, primarily due to an increase in payments of tax withholding obligations related to restricted stock and deferred acquisition payments, a decrease in proceeds from exercises of stock options, partially offset by an increase in proceeds from the issuance of common stock under the Employee Stock Purchase Plan and proceeds from exercises of stock options. Plan.

Contractual Obligations and Commitments

As of September 30, 2023 March 31, 2024, there have been no material changes in our contractual obligations and commitments as of December 31, 2022 that December 31, 2023, which were disclosed in our 2022 2023 Annual Report.

On October 4, 2023, we entered into a non-cancellable royalty agreement for third-party cloud-based platform and hosting services, with an effective date of September 1, 2023. Our total commitment under this agreement is \$39.0 million, with royalty fees payable over the next three years. See Note 12. Subsequent Events of the Notes to Consolidated Financial Statements for further details regarding this royalty agreement.

Critical Accounting Policies and Estimates

Our Consolidated Financial Statements are prepared in conformity with GAAP and require our management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates, and such estimates may change if the underlying conditions or assumptions change. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected, perhaps materially.

In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP and does not require management's judgment in its application, while in other cases, management's judgment is required in selecting among available alternative accounting standards that allow different accounting treatment for similar transactions. We believe that these accounting

policies requiring significant management judgment and estimates are critical to understanding our historical and future performance, as these policies relate to the more significant areas of our financial results. These critical accounting policies are:

- the valuation of goodwill, intangibles, long-lived assets and contingent consideration;
- revenue recognition; and
- income taxes.

A full description of our critical accounting policies that involve significant management judgment appears in our **2022** **2023** Annual Report. There have been no material changes to our critical accounting policies and estimates since that time.

Recent Accounting Pronouncements

See Note 2, *Summary of Significant Accounting Policies* **of** **in** the *Notes to Consolidated Financial Statements* for a full description of recent accounting pronouncements, which is incorporated herein by reference.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

We had cash and cash equivalents of **\$127.4 million** **\$139.2 million** and **\$98.8 million** **\$153.0 million** at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively. Our cash and cash equivalents consist of bank demand deposits and money market funds and do not have material exposure to market risk. We hold cash and cash equivalents for working capital purposes. Our investments are made for capital preservation purposes, and we do not enter into investments for trading or speculative purposes.

We had total borrowings under the Credit Agreement, net of debt issuance costs, of **\$335.5 million** **\$334.5 million** and **\$337.0 million** **\$335.0 million** as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively. Under the Credit Agreement, borrowings denominated in U.S. dollars under the Revolving Facility bore interest at a floating rate of an Adjusted London Interbank Offered Rate ("LIBOR") rate (subject to a "floor" of 0.0%) for a specified interest period plus an applicable margin of 3.00%, until the LIBOR-based rate was replaced, as described below. Under the Credit Agreement, borrowings denominated in Euros under the Revolving Facility bear interest at a floating rate of an Adjusted Euro Interbank Offered Rate ("EURIBOR") rate (subject to a "floor" of 0.0%) for a specified interest period plus an applicable margin of 3.00%. Under the Credit Agreement, borrowings under the Term Loan bore interest at a floating rate of an Adjusted LIBOR rate (subject to a "floor" of 0.5%) for a specified interest period plus an applicable margin of 3.00%, until the LIBOR-based rate was replaced, as described below. Each margin is subject to reductions to 2.75% and 1.75%, respectively, based on our first lien net leverage ratio.

On June 26, 2023, the parties entered into Amendment No. 1 ("Amendment No. 1") to the Credit Agreement. Amendment No. 1 amended the Credit Agreement to, among other things, replace the LIBOR-based rate included in the Credit Agreement with a Secured Overnight Financing Rate ("SOFR")-based rate, as an interest rate benchmark. Other than the foregoing, the material terms of the Credit Agreement described herein remain unchanged. The effective interest rate on our outstanding debt remained as a LIBOR-based rate of **8.48%** until August 31, 2023, at which point it transitioned to a SOFR-based rate of **8.43%**.

As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, the annual weighted-average interest rate on borrowings was **8.43%** **8.35%** and **7.73%** **8.40%**, respectively. If there was a hypothetical 100 basis point increase in interest rates, the annual impact to interest expense would be approximately **\$3.4 million** **and \$3.5 million** as of **September 30, 2023** **both March 31, 2024** and **December 31, 2022, respectively**, **December 31, 2023**. This hypothetical change in interest expense has been calculated based on the variable rate borrowings outstanding at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** and a 100 basis point per annum change in interest rate applied over a one-year period. Changes in interest rates have had and could continue to have an adverse impact on our financial results and cash flows since outstanding borrowings under the Credit Agreement bear interest at variable rates.

We do not have material exposure to market risk with respect to our cash and cash equivalents, as these consist primarily of highly liquid investments purchased with original maturities of three months or less as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively.

See Note 8. **Debt** of in the Notes to Consolidated Financial Statements for further details regarding the Credit Agreement and **Interest Expense, Net of Management's Discussion and Analysis of Financial Condition and Results of Operations - Comparison of the three months ended September 30, 2023 March 31, 2024 and 2022 2023** for further details on the current and expected continued impact of increases in interest rates on borrowings under the Credit Agreement.

Foreign Currency Exchange Risk

As a global company, we face exposure to adverse movements in foreign currency exchange rates. We primarily conduct business in the following locations: the United States, United Kingdom, Europe and Canada. This exposure is the result of selling in multiple currencies, growth in our international investments, additional headcount in foreign countries and operating in countries where the functional currency is the local currency. Specifically, our results of operations and cash flows are primarily subject to fluctuations in the following currencies: the Euro, British Pound Sterling and Canadian Dollar against the U.S. dollar. These exposures may change over time as business practices evolve and economic conditions change, including as a result of the impact on the global economy of, or governmental actions taken in response to, the **COVID-19 pandemic** **Russia-Ukraine conflict** or **escalating conflicts in the Russia-Ukraine conflict** **Middle East**. Changes in foreign currency exchange rates have had and could continue to have an adverse impact on our financial results and cash flows.

Our Consolidated Statements of Operations are translated into U.S. dollars at the average exchange rates in each applicable period. Our international revenue, operating expenses and significant balance sheet accounts denominated in currencies other than the U.S. dollar primarily flow through our United Kingdom and European subsidiaries, which have historically had British Pound Sterling and Euro functional currencies, respectively, resulting in a two-step currency exchange process wherein the currencies other than the British Pound Sterling and Euro are first converted into those functional currencies and then translated into U.S. dollars for our Consolidated Financial Statements. In connection with the Separation and Distribution, as defined in Note 1. **Organization and Nature of Operations in the Notes to Consolidated Financial Statements**, our United Kingdom legal entity changed its functional currency from the British Pound Sterling to the US dollar.

Our Consolidated Statements of Operations and Balance Sheets accounts are also impacted by the re-measurement of non-functional currency transactions such as cash accounts held by our overseas subsidiaries, accounts receivable denominated in foreign currencies, deferred revenue and accounts payable denominated in foreign currencies.

Foreign Currency Transaction Risk

Our foreign currency exposures typically arise from selling annual and multi-year subscriptions in multiple currencies, accounts receivable and other intercompany transactions.

Foreign Currency Translation Risk

Fluctuations in foreign currencies impact the amount of total assets, liabilities, revenue, operating expenses and cash flows that we report for our foreign subsidiaries upon the translation of these amounts into U.S. dollars. If there is a change in foreign currency exchange rates, the amounts of assets, liabilities, revenue, operating expenses and cash flows that we report in U.S. dollars for foreign subsidiaries that transact in international currencies may be higher or lower to what we would have reported if using a constant currency rate. To the extent the U.S. dollar strengthens against foreign currencies, the translation of these foreign currency denominated transactions results in reduced assets, liabilities, revenue, operating expenses and cash flows for our international operations. Similarly, our assets, liabilities, revenue, operating expenses and cash flows will increase for our international operations if the U.S. dollar weakens against foreign currencies. The conversion of the foreign subsidiaries' financial statements into U.S. dollars will also lead to remeasurement gains and losses recorded in income, or translation gains or losses that are recorded as a component of accumulated other comprehensive income (loss).

Emerging Growth Company

We qualify as an "emerging growth company" ("EGC") as defined in Section 2(a) of the Securities Act of 1933, as amended, (the "Securities Act"), as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). The JOBS Act allows EGCs to delay the adoption of new or revised accounting standards until such time as those standards apply to private companies. For so long as we qualify as an EGC, we intend to utilize these transition periods, which may make it difficult to compare our financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the transition periods afforded under the JOBS Act.

Based on the market value of our common stock held by non-affiliates as of June 30, 2023 (the last business day of the most recently completed second fiscal quarter), we will cease to qualify as an EGC as of the end of the fiscal year ending December 31, 2023. As a result, we will no longer be able to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not EGCs including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. In addition, we will no longer be able to use the extended transition period for complying with new or revised accounting standards available to emerging growth companies and will be required to adopt new or revised accounting standards as of the effective dates for public companies.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of **September 30, 2023** **March 31, 2024**. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms.

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of **September 30, 2023** **March 31, 2024**, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at a reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended **September 30, 2023** **March 31, 2024** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we have been and may be involved in various legal proceedings and claims arising in our ordinary course of business. See *Note 11. Commitments and Contingencies* **of** **in** the Notes to Consolidated Financial Statements for further details regarding legal proceedings.

Item 1A. Risk Factors

There have been no material changes in our risk factors from those disclosed in Part I, Item 1A, under the heading "Risk Factors" in our **2022** **2023** Annual Report.

Item 5. Other Information

Other than as set forth below, during **During** the three months ended **September 30, 2023** **March 31, 2024**, none of the Company's directors or officers adopted or terminated any purported Rule 10b5-1 plans and/or "non-Rule 10b5-1 trading arrangements," as defined under applicable law.

law During the three months ended September 30, 2023, one of the Company's officers adopted the stock trading plan described below:

Name and Title	Character of Trading Arrangement	Date Adopted	Duration of Trading Arrangement	Aggregate Number of Shares of Common
				Stock to be Sold Pursuant to Trading Arrangement
Frank Colletti EVP, Worldwide Sales	Rule 10b5-1 Trading Arrangement	August 31, 2023	Until December 31, 2024	40,000

(1) Trading arrangements characterized as a "Rule 10b5-1 Trading Arrangement" are intended to satisfy the affirmative defense of Rule 10b5-1(c), as amended (the "Rule") and only permits transactions upon expiration of the applicable mandatory cooling-off period under the Rule.

(2) The trading arrangement permits transactions through and including the earlier to occur of (a) the completion of all sales or (b) the date listed in the table.

Item 6. Exhibits

EXHIBIT INDEX

Exhibit Number	Exhibit Title
2.1	Separation and Distribution Agreement, dated as of July 16, 2021, by and between SolarWinds Corporation and N-able, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the Commission on July 20, 2021).
3.1	Amended and Restated Certificate of Incorporation of N-able, Inc., dated as of July 16, 2021 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Commission on July 20, 2021).
3.2	Amended and Restated Bylaws of N-able, Inc., dated as of July 16, 2021 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the Commission on July 20, 2021).
4.1	Stockholders' Agreement, dated as of July 19, 2021, by and among N-able, Inc. and the stockholders' named therein (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Commission on July 20, 2021).
4.2	First Amendment to Stockholders' Agreement among the Company and the stockholders named therein, dated December 13, 2021 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Commission on December 15, 2021).
4.3	Registration Rights Agreement, dated as of July 19, 2021, by and among N-able, Inc. and the stockholders' named therein (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the Commission on July 20, 2021).
31.1*	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101*	Interactive Data Files (formatted as Inline XBRL)
101.INS	Inline XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

- * Filed herewith
- ** The certifications attached as Exhibit 32.1 accompanying this Quarterly Report on Form 10-Q, are deemed furnished and not filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of the Registrant under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing

N-able, Inc.

SIGNATURE

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

N-able, Inc.

Dated: **November 13, 2023** May 9, 2024

By: _____

/s/ Tim O'Brien

Tim O'Brien

Chief Financial Officer

(Principal Financial and Accounting Officer)

4035

Exhibit 31.1

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF
THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, John Pagliuca, certify that:

1. I have reviewed this quarterly report on Form 10-Q of N-able, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. **(Paragraph omitted pursuant to Exchange Act Rule 13a-14(a))** Designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and SEC Release Nos. 33-8238/34-47986 and 33-8392/34-49313; the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

- c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
- d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: **November 13, 2023** **May 9, 2024**

By:

/s/ John Pagliuca

John Pagliuca

President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF
THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Tim O'Brien, certify that:

1. I have reviewed this quarterly report on Form 10-Q of N-able, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. (Paragraph omitted pursuant to Exchange Act Rule 13a-14(a)) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and SEC Release Nos. 33-8238/34-47986 and 33-8392/34-49313; the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: **November 13, 2023** **May 9, 2024**

By:

/s/ Tim O'Brien

Tim O'Brien

Chief Financial Officer

(Principal Financial and Accounting Officer)

Exhibit 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,**

AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of N-able, Inc. for the quarterly period ended **September 30, 2023** **March 31, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of N-able, Inc. hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of N-able, Inc. as of and for the period covered by the Report.

Dated: **November 13, 2023** **May 9, 2024**

By:

/s/ John Pagliuca

John Pagliuca

President and Chief Executive Officer

(Principal Executive Officer)

Dated: **November 13, 2023** **May 9, 2024**

By:

/s/ Tim O'Brien

Tim O'Brien

Chief Financial Officer

(Principal Financial and Accounting Officer)

The foregoing certification is being furnished pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and it is not to be incorporated by reference into any filing of the Company, regardless of any general incorporation language in such filing.

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