

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 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: 001-40575

**EverCommerce Inc.**

(Exact Name of Registrant as Specified in its Charter)

Delaware

81-4063248

(State or other jurisdiction of  
incorporation or organization)

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

3601 Walnut Street, Suite 400

80205

Denver, Colorado

(Address of principal executive offices)

(Zip Code)

(720) 647-4948

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$0.00001 par value	EVCM	The Nasdaq Stock Market LLC

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 type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input 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

As of May 6, 2024, there were 185,103,215 shares of the registrant's common stock, par value \$0.00001, outstanding.

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#### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q may be forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "targets," "projects," "contemplates," "believes," "estimates," "forecasts," "predicts," "potential" or "continue" or the negative of these terms or other similar expressions. Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to statements regarding our future results of operations and financial position, industry and business trends, macroeconomic and market conditions, equity compensation, business strategy, plans, market growth, future acquisitions and other capital expenditures, progress towards remediation of our material weakness and our objectives for future operations.

The forward-looking statements in this Quarterly Report on Form 10-Q are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to, our limited operating history and evolving business; our recent growth rates may not be sustainable or indicative of future growth; we have experienced net losses in the past and we may not achieve profitability in the future; we may continue to experience significant quarterly and annual fluctuations in our operating results due to a number of factors, which makes our future operating results difficult to predict; in order to support the growth of our business and acquisition strategy, we may need to incur additional indebtedness or seek capital through new equity or debt financings; we may not be able to continue to expand our share of our existing vertical markets or expand into new vertical markets; we face intense competition in each of the industries in which we operate; the industries in which we operate are rapidly evolving and subject to consolidation and the market for technology-enabled services that empower small and medium-sized businesses is relatively immature and unproven; we are subject to economic and political risk; we are dependent on payment card networks, such as Visa and MasterCard, and payment processors, such as Worldpay and PayPal, and if we fail to comply with the applicable requirements of the payment networks or our payment processors, they can seek to fine us, suspend us, terminate our agreements and/or terminate our registrations through our bank sponsors; if we cannot keep pace with rapid developments and changes in the electronic payments market or are unable to introduce, develop and market new and enhanced versions of our software solutions we may be put at a competitive disadvantage with respect to our services that incorporated payment technology; real or perceived errors, failures or bugs in our solutions could adversely affect our business results of operations, financial conditions and growth prospects; unauthorized disclosure, destruction or modification of data, disruption of our software or services or cyber breaches could expose us to liability, protracted and costly litigation and damage our reputation; our estimated total addressable market is subject to inherent challenges and uncertainties; failure to effectively develop and expand our sales and marketing capabilities; our ability to increase our customer base and achieve broader market acceptance and utilization of our solutions; our information technology systems and our third-party providers' information technology systems, including Worldpay, PayPal and other payment processing partners, may fail, or our third-party providers may discontinue providing their services or technology generally or to us specifically; failure to improve our margin, in particular within Marketing Technology Solutions; risks related to a future pandemic, epidemic, or outbreak of infectious disease; failure to achieve our objectives through acquisitions, divestitures or other strategic transactions; revenues and profits generated through acquisitions may be less than anticipated and we may fail to uncover all liabilities of acquisition targets; the increasing focus on environmental sustainability and social initiatives; our ability to adequately protect or enforce our intellectual property and other proprietary rights; risk of patent, trademark and other intellectual property infringement claims; risks related to governmental regulation; risks related to our sponsor stockholders agreement and qualifying as a "controlled company" under the rules of The Nasdaq Stock Market; significant increased costs as a result of operating as a public company, and our management is required to devote substantial time to new compliance initiatives; as well as the other factors described in our Annual Report on Form 10-K for the year ended December 31, 2023 ("Annual Report on Form 10-K"), as updated by our other filings with the Securities and Exchange Commission (the "SEC"). The forward-looking statements in this Quarterly Report on Form 10-Q are based upon information available to us as of the date of this Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

You should read this Quarterly Report on Form 10-Q and the documents that we reference in this Quarterly Report on Form 10-Q and have filed as exhibits to this Quarterly Report on Form 10-Q with the understanding that our actual future results, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. These forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this Quarterly Report on Form 10-Q, whether as a result of any new information, future events or otherwise.

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

**EverCommerce Inc.**  
**Condensed Consolidated Balance Sheets**  
(in thousands, except per share and share amounts)  
(unaudited)

	March 31, 2024	December 31, 2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 89,976	\$ 92,609
Restricted cash	—	3,570
Accounts receivable, net of allowance for expected credit losses of \$ 5.3 million and \$ 6.2 million at March 31, 2024 and December 31, 2023, respectively	48,405	45,417
Contract assets	15,954	16,117
Assets held for sale	12,596	—
Prepaid expenses and other current assets	27,679	22,434
<b>Total current assets</b>	<b>194,610</b>	<b>180,147</b>
Property and equipment, net	8,250	9,734
Capitalized software, net	39,622	42,511
Other non-current assets	39,746	42,722
Intangible assets, net	282,579	315,519
Goodwill	917,709	927,431
<b>Total assets</b>	<b>1,482,516</b>	<b>1,518,064</b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 8,073	\$ 8,638
Accrued expenses and other	57,802	66,265
Deferred revenue	25,894	24,082
Customer deposits	10,822	12,891
Current maturities of long-term debt	5,500	5,500
Liabilities held for sale	5,774	—
<b>Total current liabilities</b>	<b>113,865</b>	<b>117,376</b>
Long-term debt, net of current maturities and deferred financing costs	525,628	526,696
Other non-current liabilities	42,337	47,956
<b>Total liabilities</b>	<b>681,830</b>	<b>692,028</b>
Commitments and contingencies (Note 17)		
Stockholders' equity:		
Preferred stock, \$ 0.00001 par value, 50,000,000 shares authorized and no shares issued or outstanding as of March 31, 2024 and December 31, 2023	—	—
Common stock, \$ 0.00001 par value, 2,000,000,000 shares authorized and 186,161,386 and 186,934,031 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively	2	2
Accumulated other comprehensive loss	( 11,552 )	( 8,017 )
Additional paid-in capital	1,448,535	1,454,026
Accumulated deficit	( 636,299 )	( 619,975 )
<b>Total stockholders' equity</b>	<b>800,686</b>	<b>826,036</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,482,516</b>	<b>\$ 1,518,064</b>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**EverCommerce Inc.**  
**Condensed Consolidated Statements of Operations and Comprehensive Loss**  
(in thousands, except per share and share amounts)  
(unaudited)

	Three months ended March 31,	
	2024	2023
<b>Revenues:</b>		
Subscription and transaction fees	\$ 134,724	\$ 123,820
Marketing technology solutions	30,292	31,788
Other	5,097	5,528
<b>Total revenues</b>	<b>170,113</b>	<b>161,136</b>
<b>Operating expenses:</b>		
Cost of revenues (exclusive of depreciation and amortization presented separately below)	56,793	55,946
Sales and marketing	29,768	30,899
Product development	20,200	18,703
General and administrative	33,790	33,863
Depreciation and amortization	22,951	25,950
Loss on held for sale and impairments	11,221	1,063
<b>Total operating expenses</b>	<b>174,723</b>	<b>166,424</b>
<b>Operating loss</b>	<b>( 4,610 )</b>	<b>( 5,288 )</b>
Interest and other expense, net	( 5,791 )	( 15,188 )
<b>Net loss before income tax expense</b>	<b>( 10,401 )</b>	<b>( 20,476 )</b>
Income tax expense	( 5,923 )	( 299 )
<b>Net loss</b>	<b>( 16,324 )</b>	<b>( 20,775 )</b>
<b>Other comprehensive loss:</b>		
Foreign currency translation loss, net	( 3,535 )	( 99 )
<b>Comprehensive loss</b>	<b>\$ ( 19,859 )</b>	<b>\$ ( 20,874 )</b>
Basic and diluted net loss per share attributable to common stockholders	<b>\$ ( 0.09 )</b>	<b>\$ ( 0.11 )</b>
Basic and diluted weighted-average shares of common stock outstanding used in computing net loss per share	<b>186,635,095</b>	<b>190,042,673</b>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**EverCommerce Inc.**  
**Condensed Consolidated Statements of Stockholders' Equity**  
(in thousands)  
(unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
<b>Balance at December 31, 2023</b>	186,934	\$ 2	\$ 1,454,026	\$ (619,975)	\$ (8,017)	\$ 826,036
Common stock issued upon vesting of restricted stock units	301	—	—	—	—	—
Stock-based compensation	—	—	5,576	—	—	5,576
Stock option exercises	160	—	1,072	—	—	1,072
Repurchase and retirement of common stock, including taxes	(1,234)	—	(12,139)	—	—	(12,139)
Foreign currency translation loss, net	—	—	—	—	(3,535)	(3,535)
Net loss	—	—	—	(16,324)	—	(16,324)
<b>Balance at March 31, 2024</b>	186,161	\$ 2	\$ 1,448,535	\$ (636,299)	\$ (11,552)	\$ 800,686

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
<b>Balance at December 31, 2022</b>	191,447	\$ 2	\$ 1,489,935	\$ (573,046)	\$ (10,198)	\$ 906,693
Common stock issued upon vesting of restricted stock units	348	—	—	—	—	—
Stock-based compensation	—	—	7,514	—	—	7,514
Stock option exercises	103	—	609	—	—	609
Repurchase and retirement of common stock	(3,124)	—	(29,643)	—	—	(29,643)
Adoption of ASC 326, <i>Current Expected Credit Losses</i>	—	—	—	(1,309)	—	(1,309)
Foreign currency translation loss, net	—	—	—	—	(99)	(99)
Net loss	—	—	—	(20,775)	—	(20,775)
<b>Balance at March 31, 2023</b>	188,774	\$ 2	\$ 1,468,415	\$ (595,130)	\$ (10,297)	\$ 862,990

The accompanying notes are an integral part of these condensed consolidated financial statements.

**EverCommerce Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
(in thousands)  
(unaudited)

	Three months ended March 31,	
	2024	2023
<b>Cash flows provided by operating activities:</b>		
Net loss	\$ (16,324)	\$ (20,775)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	22,951	25,950
Stock-based compensation expense	5,576	7,514
Deferred taxes	5,316	(177)
Amortization of deferred financing costs and non-cash interest	410	413
Loss on held for sale and impairments	11,231	1,063
Bad debt expense	1,010	1,314
Other non-cash items	(4,608)	4,641
Changes in operating assets and liabilities:		
Accounts receivable, net	(4,485)	(2,634)
Prepaid expenses and other current assets	(3,087)	(5,350)
Other non-current assets	93	1,278
Accounts payable	(233)	(247)
Accrued expenses and other	(6,094)	(848)
Deferred revenue	2,401	1,321
Other non-current liabilities	(860)	(763)
<b>Net cash provided by operating activities</b>	<b>13,297</b>	<b>12,700</b>
<b>Cash flows used in investing activities:</b>		
Purchases of property and equipment	(402)	(476)
Capitalization of software costs	(4,432)	(4,381)
Proceeds from disposition of fitness solutions, net of transaction costs, cash and restricted cash	1,228	—
<b>Net cash used in investing activities</b>	<b>(3,606)</b>	<b>(4,857)</b>
<b>Cash flows used in financing activities:</b>		
Payments on long-term debt	(1,375)	(1,375)
Exercise of stock options	1,072	609
Repurchase and retirement of common stock	(12,068)	(29,643)
<b>Net cash used in financing activities</b>	<b>(12,371)</b>	<b>(30,409)</b>
Effect of foreign currency exchange rate changes on cash	(593)	50
<b>Net decrease in cash, cash equivalents and restricted cash, including cash and restricted cash classified as held for sale</b>	<b>(3,273)</b>	<b>(22,516)</b>
Cash, cash equivalents and restricted cash, including cash and restricted cash classified as held for sale:		
Beginning of period	96,179	95,824
End of period	<u>\$ 92,906</u>	<u>\$ 73,308</u>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid for interest	\$ 11,095	\$ 10,632
Cash paid for income taxes	<u>\$ 1,654</u>	<u>\$ 517</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**Note 1. Nature of the Business**

EverCommerce Inc. and subsidiaries (the "Company" or "EverCommerce") is a leading provider of integrated software-as-a-service ("SaaS") solutions or services for service-based small- and medium-sized businesses ("service SMBs"). Our platforms span across the full lifecycle of interactions between consumers and service professionals with vertical-specific applications. Today, the Company serves more than 708,000 customers across three core verticals: Home Services; Health Services; and Fitness & Wellness Services. Within the core verticals, customers operate within numerous micro-verticals, ranging from home service professionals, such as construction contractors and home maintenance technicians, to physician practices and therapists in the Health Services industry, to personal trainers and salon owners in the Fitness & Wellness sectors. The platform provides vertically-tailored SaaS solutions that address service SMBs' increasingly nuanced demands, as well as highly complementary solutions that provide fully-integrated offerings, allowing service SMBs and EverCommerce to succeed in the market, and provide end consumers more convenient service experiences. The Company is headquartered in Denver, Colorado, and has operations across the United States, Canada, Jordan, United Kingdom, Australia and New Zealand.

**Note 2. Summary of Significant Accounting Policies**

**Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information. Certain information and disclosures normally included in consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. Accordingly, these unaudited condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2023 and the related notes ("Annual Report on Form 10-K"). The December 31, 2023 consolidated balance sheet was derived from our audited consolidated financial statements as of that date. Our unaudited interim condensed consolidated financial statements include, in the opinion of management, all adjustments, consisting of normal and recurring items, necessary for the fair statement of the unaudited condensed consolidated financial statements. All intercompany accounts and transactions have been eliminated in consolidation. There have been no significant changes in accounting policies during the three months ended March 31, 2024 from those disclosed in the annual consolidated financial statements for the year ended December 31, 2023 and the related notes. Certain prior year amounts have been reclassified to conform to the current year presentation.

On March 13, 2024, the Company entered into definitive sale and purchase agreements to sell our fitness solutions to Jonas Fitness Portfolio Holdco Inc. ("Jonas Software") (see Note 4. Disposition and Held for Sale). The sale of American Service Finance LLC., ASF Payment Solutions ULC and Technique Fitness Inc. (collectively, "North American Fitness"), closed simultaneous with signing. The sale of EverCommerce UK, including wholly-owned subsidiaries Fitii UK (MyPTHub and MyPTHub LLC) and ClubWise UK and its wholly-owned subsidiary ClubWise Australia (collectively, "UK Fitness"), is subject to customary closing conditions and regulatory approval by the Financial Conduct Authority and is expected to close during the third quarter of 2024. The divestiture did not qualify for reporting as a discontinued operation. As a result, our unaudited condensed consolidated financial statements include the results of North American Fitness for all periods through the date of sale, while UK Fitness is classified as held for sale prospectively from the date of signing. Unless otherwise specified, the amounts and information presented in the notes to the unaudited condensed consolidated financial statements do not include assets and liabilities that have been reclassified as held for sale as of March 31, 2024.

The operating results for the three months ended March 31, 2024 are not necessarily indicative of the results expected for the full year ending December 31, 2024.

**Use of Estimates**

The preparation of unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain amounts reported in the unaudited condensed consolidated financial statements, including the accompanying notes. The Company bases its estimates on historical factors, current circumstances, and the experience and judgment of management. The Company evaluates its estimates and assumptions on an ongoing basis. Actual results could differ from those estimates. Significant items subject to such estimates reflected in the unaudited condensed consolidated financial statements include: the estimation of the recoverability of goodwill and other intangible assets; income tax uncertainties, including valuation allowance for deferred tax assets and value of any uncertain tax positions; recognizing bad debt expense from expected credit losses, recognizing stock-based compensation expense and estimating standalone selling price, when applicable, for the allocation of transaction price when multiple performance obligations are included in a contract with a customer.

**Assets and Liabilities Held for Sale**

The Company classifies assets and liabilities as held for sale (the "disposal group") in the period when all the relevant classification criteria have been met. Assets and liabilities held for sale are measured at the lower of carrying value or fair value less costs to sell. Any loss resulting from the measurement is recognized in the period in which the held for sale criteria are met. Conversely, gains are not recognized on the sale of the disposal group until the date of sale. The fair value of the disposal group, less any costs to sell, will be reassessed during each subsequent reporting period it remains classified as held for sale, and any subsequent changes will be reported as an adjustment to the carrying value of the disposal group until the disposal group is no longer classified as held for sale. Upon determining that the disposal group meets the criteria to be classified as held for sale, the Company discontinues depreciation and amortization and the related assets and liabilities are reported as held for sale on the unaudited condensed consolidated balance sheets.

**Emerging Growth Company**

As an emerging growth company ("EGC"), the Jumpstart Our Business Startups Act ("JOBS Act") allows the Company to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are applicable to private companies. The Company has elected to use the extended transition period under the JOBS Act until the earlier of the date that it is (i) no longer an EGC or (ii) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, the financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates. The adoption dates are discussed below to reflect this election within the "*Recently Issued Accounting Pronouncements*" section.

**Recently Issued Accounting Pronouncements**

We evaluate all Accounting Standards Updates ("ASUs") issued by the Financial Accounting Standards Board (the "FASB") for consideration of their applicability. ASUs not included in the disclosures in this report were assessed and determined to be either not applicable or are not expected to have a material impact on our consolidated financial statements.

*Accounting pronouncements issued and adopted*

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326); Measurement of Credit Losses on Financial Instruments*, which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost, which includes the Company's accounts receivable and contract assets. This updated standard is effective for annual reporting periods beginning after December 15, 2022. The Company adopted this ASU for the year ended December 31, 2023 and it did not have a material impact on the financial statements.

*Accounting pronouncements not yet adopted*

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting - Improving Reportable Segment Disclosures (Topic 280)*. The update is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant expenses. The ASU requires disclosures to include significant segment expenses that are regularly provided to the CODM, an amount and description of the composition of other segment items by reportable segment, and any additional measures of a segment's profit or loss used by the CODM when deciding how to allocate resources. The ASU also requires all annual disclosures currently required by Topic 280 to be included in interim periods. All disclosure requirements under ASU 2023-07 are also required for public entities with a single reportable segment. The amendments in this update are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The amendments should be applied retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating the impact of adopting the amendments in this update on its consolidated financial statements and disclosures.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. This update is intended to improve transparency of income tax disclosure by requiring consistent categories and greater disaggregation within the rate reconciliation and disaggregation of income taxes paid by jurisdiction. The amendments in this update are effective for annual periods beginning after December 15, 2024 with early adoption permitted. The amendments in this update should be applied on a prospective basis with retrospective application permitted. The Company is currently evaluating the impact of adopting this update on its consolidated financial statements and disclosures.

**Note 3. Kickserv Acquisition**

On August 10, 2023, the Company acquired 100 % of the interest of Norman's Dojo Inc. ("Kickserv"), a provider of field service management software for home service businesses for approximately \$ 15 million in cash. The acquisition adds offerings for SMBs across diversified portfolios with an opportunity to capture a broader segment of new customers within the Home Services vertical.

We accounted for the acquisition as a business combination under ASC 805, *Business Combinations*. Accordingly, the Company recorded identifiable assets acquired and liabilities assumed at their acquisition date estimated fair values, with any excess consideration recognized as goodwill. Goodwill primarily represents the value associated with the assembled workforce and expected synergies subsumed into goodwill. The goodwill recognized as a result of the acquisition of Kickserv is not deductible for tax purposes.

We measured the identifiable assets and liabilities assumed at their acquisition date estimated fair values separately from goodwill, which represent Level 3 fair value measurements as defined in ASC 820, *Fair Value Measurement*. The estimated fair values were determined by management using the assistance of third-party valuation specialists. The valuation methods used to determine the estimated fair value of intangible assets included the income approach—relief from royalty method for developed technology with an estimated useful life of five years, and the income approach—multi period excess earnings method for customer relationships with an estimated useful life of 13 years. A number of assumptions and estimates were involved in the application of these valuation methods, including revenue forecasts, expected competition, costs of revenues, obsolescence, tax rates, capital spending, customer attrition rates, discount rates and working capital changes. Cash flow forecasts were generally based on pre-acquisition forecasts coupled with estimated revenues and cost synergies available to a market participant.

Each acquisition allows for an adjustment to the purchase price to be made subsequent to the transaction closing date based on the actual amount of working capital and cash delivered to the Company. The consideration paid and purchase price allocations disclosed reflect the effects of these adjustments.

The financial results of Kickserv since the closing through March 31, 2024, were not material to our condensed consolidated financial statements, nor were they material to our prior period consolidated results on a pro forma basis.

The following table summarizes the estimated fair values of consideration transferred, assets acquired and liabilities assumed at the acquisition date:

	<b>August 10, 2023</b> (in thousands)	
<b>Total consideration transferred:</b>		
Cash	\$	14,974
<b>Net assets acquired:</b>		
Prepaid expenses and other assets	\$	51
Intangibles—definite lived		3,155
Goodwill		12,497
Accounts payable, accrued expenses and other		( 11 )
Deferred tax liability, net		( 397 )
Deferred revenue		( 274 )
Other non-current liabilities		( 47 )
Total net assets acquired	\$	<u>14,974</u>

**Note 4. Disposition and Held for Sale**

On March 13, 2024, we entered into definitive sale and purchase agreements to sell our fitness solutions to Jonas Software. The sale of North American Fitness closed simultaneously with signing. The sale of UK Fitness is subject to customary closing conditions and regulatory approval by the Financial Conduct Authority and is expected to close during the third quarter of 2024. During the three months ended March 31, 2024, we recognized a loss of \$ 4.8 million related to the disposal of North American Fitness, which is included in loss on held for sale and impairments on our unaudited condensed consolidated statements of operations and comprehensive loss. During the three months ended March 31, 2024, we recognized a \$ 3.4 million goodwill impairment charge representing the allocated goodwill to North American Fitness, which is included in loss on held for sale and impairments on the unaudited condensed consolidated statements of operations and comprehensive loss.

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**Notes to Unaudited Condensed Consolidated Financial Statements**

The UK Fitness disposal group met the held for sale criteria in the first quarter of 2024. As such, the assets and liabilities of the disposal group are classified as held for sale on our unaudited condensed consolidated balance sheets as of March 31, 2024 but did not qualify as discontinued operations as it did not represent a strategic shift that will have a material effect on the Company's operations and financial results. During the three months ended March 31, 2024, we measured the assets and liabilities held for sale at fair value less costs to sell and recognized a loss of \$ 2.6 million, which is included in loss on held for sale and impairments on our unaudited condensed consolidated statements of operations and comprehensive loss.

The components of assets and liabilities classified as held for sale on our condensed consolidated balance sheets as of March 31, 2024 were as follows:

	<b>March 31, 2024</b> (in thousands)	
<b>Assets:</b>		
Cash and cash equivalents	\$	1,000
Restricted cash		1,930
Accounts receivable, net		166
Prepaid expenses and other current assets		147
Property and equipment, net		57
Capitalized software, net		2,022
Other non-current assets		910
Intangible assets, net		6,012
Goodwill		2,971
<b>Total assets</b>		<b>15,215</b>
Valuation allowance		( 2,619 )
<b>Assets held for sale</b>	<b>\$</b>	<b>12,596</b>
<b>Liabilities:</b>		
Accounts payable	\$	292
Accrued expenses and other		2,753
Deferred revenue		269
Other long-term liabilities		2,460
Liabilities held for sale		5,774
Currency translation adjustment		1,078
<b>Assets held for sale, net</b>	<b>\$</b>	<b>7,900</b>

**Note 5. Revenue**

**Disaggregation of Revenue**

The following tables present a disaggregation of our revenue from contracts with customers by revenue recognition pattern and geographical market:

	<b>Three months ended</b> <b>March 31,</b> (in thousands)	
	<b>2024</b>	<b>2023</b>
<b>By pattern of recognition (timing of transfer of services):</b>		
Point in time	\$ 14,657	\$ 14,738
Over time	155,456	146,398
<b>Total</b>	<b>\$ 170,113</b>	<b>\$ 161,136</b>
<b>By geographical market:</b>		
United States	\$ 151,021	\$ 148,965
International	19,092	12,171
<b>Total</b>	<b>\$ 170,113</b>	<b>\$ 161,136</b>

**EverCommerce Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**Contract Balances**

Supplemental balance sheet information related to contracts from customers as of:

	March 31, 2024	December 31, 2023
	(in thousands)	
Accounts receivable, net	\$ 48,405	\$ 45,417
Contract assets	\$ 15,954	\$ 16,117
Deferred revenue	\$ 25,894	\$ 24,082
Customer deposits	\$ 10,822	\$ 12,891
Long-term deferred revenue	\$ 1,030	\$ 2,168

*Accounts receivable, net:* Accounts receivable, net of allowance for expected credit losses, represent rights to consideration in exchange for products or services that have been transferred by us, when payment is unconditional and only the passage of time is required before payment is due.

*Contract assets:* Contract assets represent rights to consideration in exchange for products or services that have been transferred (i.e., the performance obligation or portion of the performance obligation has been satisfied), but payment is conditional on something other than the passage of time. These amounts typically relate to contracts that include on-premise licenses and professional services where the right to payment is not present until completion of the contract or achievement of specified milestones and the fair value of products or services transferred exceed this constraint.

*Contract liabilities:* Contract liabilities, or deferred revenue, represent our obligation to transfer products or services to a customer for which consideration has been received in advance of the satisfaction of performance obligations. Long-term deferred revenue is included within other non-current liabilities on the unaudited condensed consolidated balance sheets. Revenue recognized from the contract liability balance at December 31, 2023 was \$ 17.2 million for the three months ended March 31, 2024.

*Customer deposits:* Customer deposits relate to payments received in advance for contracts, which allow the customer to terminate a contract and receive a pro rata refund for the unused portion of payments received to date.

**Accounts Receivable**

Activity in our allowance for expected credit losses is as follows as of:

	March 31,	
	2024	2023
	(in thousands)	
Allowance for expected credit losses, beginning of period	\$ 6,183	\$ 4,670
Beginning balance adjustment due to implementation of the new credit loss standard	—	1,309
Bad debt expense	1,010	1,314
Write-offs, net of recoveries	( 1,784 )	( 1,610 )
Disposition of North American Fitness	( 96 )	—
Transfer of UK Fitness to held for sale	( 53 )	—
Allowance for expected credit losses, end of period	\$ 5,260	\$ 5,683

**Remaining Performance Obligations**

Remaining performance obligations represent the transaction price of unsatisfied or partially satisfied performance obligations within contracts with an original expected contract term that is greater than one year for which fulfillment of the contract has started as of the end of the reporting period. Remaining performance obligations generally relate to those which are stand-ready in nature, as found within the subscription and marketing technology solutions revenue streams. The aggregate amount of transaction consideration allocated to remaining performance obligations as of March 31, 2024 was \$ 19.5 million. The Company expects to recognize approximately 63 % of its remaining performance obligations as revenue within the next year, 28 % of its remaining performance obligations as revenue the subsequent year, 7 % of its remaining performance obligations as revenue in the third year, and the remainder during the two year period thereafter.

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**Cost to Obtain and Fulfill a Contract**

Assets resulting from costs to obtain contracts are included within prepaid expenses and other current assets for short-term balances and other non-current assets for long-term balances on the Company's unaudited condensed consolidated balance sheets. The costs to obtain contracts are amortized over five years, which corresponds with the useful life of the related technology. Short-term assets were \$ 9.0 million and \$ 8.6 million at March 31, 2024 and December 31, 2023, respectively, and long-term assets were \$ 17.7 million and \$ 17.9 million at March 31, 2024 and December 31, 2023, respectively. The Company recorded \$ 1.6 million and \$ 1.3 million of amortization expense related to assets for the three months ended March 31, 2024 and 2023, respectively, which is included in sales and marketing expense on the unaudited condensed consolidated statements of operations and comprehensive loss, as well as \$ 0.7 million and \$ 0.5 million for the three months ended March 31, 2024 and 2023, respectively, which is included in cost of revenues on the unaudited condensed consolidated statements of operations and comprehensive loss.

**Note 6. Goodwill**

Goodwill activity consisted of the following for the three months ended March 31, 2024 (in thousands):

Balance at December 31, 2023				\$ 927,431
Impairment				( 3,447 )
Transfer to held for sale				( 2,971 )
Effect of foreign currency exchange rate changes				( 3,304 )
Balance at March 31, 2024				<u><u>\$ 917,709</u></u>

In connection with the definitive sale and purchase agreements to sell our fitness solutions, we tested the goodwill balance for impairment as of March 31, 2024 (see Note 4. Disposition and Held for Sale). During the three months ended March 31, 2024, we recognized a \$ 3.4 million goodwill impairment charge representing the allocated goodwill to North American Fitness, which is included in loss on held for sale and impairments on the unaudited condensed consolidated statements of operations and comprehensive loss. There has been no other impairment of goodwill.

**Note 7. Intangible Assets**

Intangible assets consisted of the following as of:

	March 31, 2024			
	Useful Life	Gross Carrying Value	Accumulated Amortization	Net Book Value
	(in thousands)			
Customer relationships	3 - 20 years	\$ 574,616	\$ 332,191	\$ 242,425
Developed technology	2 - 12 years	102,448	75,366	27,082
Trade name	3 - 10 years	37,303	24,274	13,029
Non-compete agreements	2 - 5 years	2,379	2,336	43
<b>Total</b>		<b>\$ 716,746</b>	<b>\$ 434,167</b>	<b>\$ 282,579</b>

	December 31, 2023			
	Useful Life	Gross Carrying Value	Accumulated Amortization	Net Book Value
	(in thousands)			
Customer relationships	3 - 20 years	\$ 605,908	\$ 336,558	\$ 269,350
Developed technology	2 - 12 years	106,482	74,717	31,765
Trade name	3 - 10 years	38,627	24,293	14,334
Non-compete agreements	2 - 5 years	2,408	2,338	70
<b>Total</b>		<b>\$ 753,425</b>	<b>\$ 437,906</b>	<b>\$ 315,519</b>

Amortization expense was \$ 19.3 million and \$ 23.2 million for the three months ended March 31, 2024 and 2023, respectively.

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**Note 8. Property and Equipment**

Property and equipment consisted of the following as of:

	March 31, 2024	December 31, 2023
	(in thousands)	
Computer equipment and software	\$ 11,109	\$ 11,628
Furniture and fixtures	3,320	3,794
Leasehold improvements	10,520	11,756
Total property and equipment	24,949	27,178
Less accumulated depreciation	( 16,699 )	( 17,444 )
Property and equipment, net	<u><u>\$ 8,250</u></u>	<u><u>\$ 9,734</u></u>

Depreciation expense was \$ 1.1 million and \$ 1.0 million for the three months ended March 31, 2024 and 2023, respectively.

**Note 9. Capitalized Software**

Capitalized software consisted of the following as of:

	March 31, 2024	December 31, 2023
	(in thousands)	
Capitalized software	\$ 61,428	\$ 64,137
Less: accumulated amortization	( 21,806 )	( 21,626 )
Capitalized software, net	<u><u>\$ 39,622</u></u>	<u><u>\$ 42,511</u></u>

Amortization expense was \$ 2.5 million and \$ 1.8 million for the three months ended March 31, 2024 and 2023, respectively. During the ordinary course of business, the Company may determine that certain capitalized features of its software will no longer be used either internally or to deliver value to its customers. During the three months ended March 31, 2023 the Company recorded a \$ 0.3 million charge related to capitalized costs associated with abandoned projects, which was included in general and administrative expense on the unaudited condensed consolidated statements of operations and comprehensive loss. The Company did not have similar charges for the three months ended March 31, 2024.

**Note 10. Leases**

The Company leases real estate from unrelated parties under operating lease agreements that have initial terms ranging from one year to 11 years. Some leases include one or more options to renew, generally at our sole discretion, of five additional years each.

The components of lease expense are as follows:

	Three months ended March 31,	
	2024	2023
	(in thousands)	
Operating lease cost	\$ 1,279	\$ 1,624
Variable lease cost	467	495
Short-term lease cost	116	55
Total lease cost	<u><u>\$ 1,862</u></u>	<u><u>\$ 2,174</u></u>

The Company ceased use of certain leased premises and subleased certain facilities resulting in impairment charges of \$ 0.4 million and \$ 1.1 million to impair the right-of-use lease assets to their fair value during the three months ended March 31, 2024 and 2023, respectively, which are included in loss on held for sale and impairments on our unaudited condensed consolidated statement of operations and comprehensive loss.

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Supplemental cash flow information related to leases is as follows:

	Three months ended March 31,	
	2024	2023
	(in thousands)	
Cash paid for operating lease liabilities	\$ 1,208	\$ 1,842
Operating lease assets obtained in exchange for operating lease liabilities	\$ 177	\$ —

Supplemental balance sheet information, included in other non-current assets, accrued expenses and other and other non-current liabilities on the unaudited condensed consolidated balance sheets, related to leases is as follows:

	March 31, 2024	December 31, 2023
	(in thousands)	
	2024	2023
Operating lease right-of-use assets	\$ 12,488	\$ 15,861
Current operating lease liabilities	3,357	3,789
Long-term operating lease liabilities	15,697	19,400
<b>Total operating lease liabilities</b>	<b>\$ 19,054</b>	<b>\$ 23,189</b>

At March 31, 2024 and December 31, 2023, the weighted average remaining lease term for operating leases was 5.49 years and 5.75 years, respectively, and the weighted average discount rate was 5.1 % and 5.1 %, respectively.

Future undiscounted cash flows for each of the next five years and thereafter and reconciliation to the lease liabilities recognized on the balance sheet as of March 31, 2024 is as follows (in thousands):

Year ended December 31,		
2024 (remainder of year)	\$ 3,406	
2025	4,320	
2026	4,114	
2027	3,322	
2028	2,567	
<b>Thereafter</b>	<b>4,563</b>	
Total lease payments	22,292	
Less: imputed interest	3,238	
<b>Total present value of lease liabilities</b>	<b>\$ 19,054</b>	

**EverCommerce Inc.**  
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**Note 11. Long-Term Debt**

Long-term debt consisted of the following as of:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
	<i>(in thousands)</i>	
Term notes with interest payable monthly, interest rate at Adjusted SOFR, plus an applicable margin of 3.25 % ( 8.44074 % at March 31, 2024) quarterly principal payments of 0.25 % of original principal balance with balloon payment due July 2028	\$ 536,250	\$ 537,625
Revolver with interest payable monthly, interest rate at Adjusted SOFR, plus an applicable margin of 3.25 % ( 8.44464 % at March 31, 2024), and outstanding balance due July 2026	—	—
Principal debt	536,250	537,625
Deferred financing costs on long-term debt	( 3,758 )	( 3,983 )
Discount on long-term debt	( 1,364 )	( 1,446 )
Total debt	531,128	532,196
Less current maturities	5,500	5,500
Long-term portion	<u>525,628</u>	<u>526,696</u>

The Company is party to a credit agreement, as amended, that provides for two term loans for an aggregate principal amount of \$ 550.0 million ("Term Loans"), a revolver with a capacity of \$ 190.0 million ("Revolver") and a sub-limit of the Revolver available for letters of credit up to an aggregate face amount of \$ 20.0 million. These debt arrangements are collectively referred to herein as the ("Credit Facilities").

Effective as of July 1, 2023, borrowings under the Credit Facilities bear interest at the Company's option at Alternative Base Rate ("ABR") plus an applicable rate, or at a forward-looking term rate based upon the secured overnight financing rate ("SOFR"), plus (i) (a) with respect to Term Loans, credit spread adjustments of 0.11448 %, 0.26161 %, 0.42826 % and 0.71513 % for interest periods of one, three, six and twelve months, respectively, and (b) with respect to revolving loans, a credit spread adjustment of 0.0 % ("Adjusted SOFR") plus (ii) an applicable rate, in each case with such applicable rate based on the Company's first lien net leverage ratio. The ABR represents the highest of the prime rate, Federal Reserve Bank of New York rate plus 1/2 of 1%, and the Adjusted SOFR for a one month interest period plus 1.0 %. The applicable rate for the Term Loans and the Revolver is 3.0 % for Adjusted SOFR borrowings and 2.0 % for ABR borrowings, in each case subject to change based on our first lien net leverage ratio.

The Company determines the fair value of long-term debt based on trading prices for its debt if available. As of March 31, 2024, the Company obtained trading prices for the term notes outstanding. However, as such trading prices require significant unobservable inputs to the pricing model, such instruments are classified as Level 2. The fair value amounts were approximately \$ 538.9 million and \$ 540.3 million as of March 31, 2024 and December 31, 2023, respectively.

Effective October 31, 2022, the Company entered into an interest rate swap agreement (the "Initial Swap") in connection with the Company's Credit Facilities for a notional amount of \$ 200.0 million to convert a portion of the floating rate component of the Term Loans from a floating rate to a fixed rate. The Initial Swap agreement has a term of five years with a fixed rate in the agreement of 4.212 %, as amended in June 2023. Additionally, effective March 31, 2023, the Company entered into a second interest rate swap agreement (the "Second Swap" and together with the Initial Swap, the "Swap Agreements") in connection with the Company's Credit Facilities for a notional amount of \$ 100.0 million to convert a portion of the floating rate component of the Term Loans from a floating rate to a fixed rate. The Second Swap agreement has a term of approximately 4.5 years with a fixed rate in the agreement of 3.951 %, as amended in June 2023.

The Swap Agreements are accounted for as derivatives whereby the fair value of each contract is reported within the unaudited condensed consolidated balance sheets, and related gains or losses resulting from changes in the fair value are reported in interest and other expense, net, in the unaudited condensed consolidated statements of operations and comprehensive loss. As of March 31, 2024 the fair value of the Initial Swap was a liability of \$ 0.6 million while the fair value of the Second Swap was an asset of \$ 0.6 million and are reported in other non-current liabilities and other non-current assets, respectively, on the unaudited condensed consolidated balance sheet. During the three months ended March 31, 2024 and 2023, the related gains and losses resulting from changes in fair value was a gain of \$ 4.8 million and a loss of \$ 4.2 million, respectively.

The Company's Credit Facilities are subject to certain financial and nonfinancial covenants and are secured by substantially all assets of the Company. As of March 31, 2024, the Company was in compliance with all of its covenants.

Aggregate maturities of the Company's debt for the years ending December 31 are as follows as of March 31, 2024 (in thousands):

Year ending December 31:

2024 (remainder of year)	\$	4,125
2025		5,500
2026		5,500
2027		5,500
2028		515,625
Thereafter		—
<b>Total aggregate maturities of the Company's debt</b>	<b>\$</b>	<b>536,250</b>

#### Note 12. Equity

On July 6, 2021, the Company filed an Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware to authorize the issuance up to 2,050,000,000 shares, par value \$ 0.00001 per share, consisting of 2,000,000,000 shares of common stock and 50,000,000 shares of preferred stock.

On June 14, 2022, our board of directors (our "Board") approved a stock repurchase program (as subsequently amended, the "Repurchase Program") with authorization to purchase up to \$ 50.0 million in shares of the Company's common stock through the expiration of the program on December 21, 2022. On November 7, 2022, our Board approved an expansion of the Repurchase Program with authorization to purchase up to an additional \$ 50.0 million in shares of the Company's common stock (\$ 100.0 million total) and an extension to the expiration of the Repurchase Program through December 31, 2023. On November 5, 2023, our Board of Directors approved an additional expansion of the Repurchase Program with authorization to purchase up to an additional \$ 50.0 million in shares of the Company's common stock (from \$ 100.0 million to \$ 150.0 million in total) and extended the expiration of the Repurchase Program through December 31, 2024. On December 14, 2023, our Board approved a stock purchase agreement entered into between the Company and Eric Remer, Matt Feierstein, Marc Thompson, Sarah Jordan, Shane Driggers and Evan Berlin, who served as officers of the Company (collectively, the "Selling Stockholders"). On December 19, 2023, as part of our Repurchase Program, the Company repurchased an aggregate of 1,401,472 shares of common stock from the Selling Stockholders at a price of \$ 9.82 per share, for an aggregate price of \$ 13.8 million. Repurchases under the program may be made in the open market, in privately negotiated transactions or otherwise, with the amount and timing of repurchases to be determined at the Company's discretion, depending on market conditions and corporate needs. The Repurchase Program does not obligate the Company to acquire any particular amount of common stock and may be modified, suspended or terminated at any time at the discretion of the Board. The Company expects to fund repurchases with existing cash on hand.

The Company repurchased and retired 1.2 million shares of common stock pursuant to the Repurchase Program for \$ 12.1 million including transaction fees and taxes, during the three months ended March 31, 2024. As of March 31, 2024, \$ 27.9 million remained available under the Repurchase Program.

#### Note 13. Stock-Based Compensation

In 2016, the Company adopted the 2016 Equity Incentive Plan (the "2016 Plan"). The 2016 Plan provided for the granting of stock-based awards, including stock options, stock appreciation rights, restricted or unrestricted stock awards, phantom stock, performance awards, and other stock-based awards. In connection with the Initial Public Offering ("IPO"), the Company's Board adopted, and the Company's stockholders approved, the 2021 Incentive Award Plan (the "2021 Plan"), which became effective immediately prior to the effectiveness of the registration statement for the Company's IPO and, as a result of which, the Company can no longer make awards under the 2016 Plan. The 2021 Plan provides for the issuance of incentive stock options, non-qualified stock options, stock awards, stock units, stock appreciation rights and other stock-based awards. The number of shares initially reserved for issuance under the 2021 Plan was 22,000,000 shares, inclusive of available shares previously reserved for issuance under the 2016 Plan. In addition, the number of shares reserved for issuance under the 2021 Plan is subject to an annual increase on the first day of each calendar year beginning on January 1, 2022 and ending on and including January 1, 2031, equal to the lesser of (i) 3 % of the shares outstanding (on an as-converted basis) on the last day of the immediately preceding fiscal year and (ii) such smaller number of shares as determined by the Company's Board, provided that no more than 22,000,000 shares may be issued upon the exercise of incentive stock options. Based on the Company's outstanding shares of common stock as of December 31, 2023, as of January 1, 2024 the number of shares reserved for issuance under the 2021 Plan increased by 5.6 million.

In connection with the IPO, the Company's Board adopted the 2021 Employee Stock Purchase Plan (the "ESPP"). For more information on the ESPP, refer to Note 12. Stock-Based Compensation in the Annual Report on Form 10-K.

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The following table summarizes our restricted stock unit ("RSU") and stock option activity for the three months ended March 31, 2024:

	RSUs	Stock Options
	(in thousands)	
Outstanding as of January 1, 2024	3,337	13,337
Granted	2,615	—
Vested or exercised	( 301 )	( 160 )
Cancelled or forfeited	( 303 )	( 195 )
Outstanding as of March 31, 2024	<u>5,348</u>	<u>12,982</u>

As of March 31, 2024, total unrecognized compensation expense was \$ 47.6 million and \$ 7.8 million related to outstanding restricted stock units and stock options, respectively.

Stock-based compensation expense was classified in the unaudited condensed consolidated statements of operations and comprehensive loss as follows:

	Three months ended March 31,	
	2024	2023
	(in thousands)	
Cost of revenues	\$ 116	\$ 108
Sales and marketing	341	402
Product development	527	562
General and administrative	4,592	6,442
Total stock-based compensation expense	<u>\$ 5,576</u>	<u>\$ 7,514</u>

**Note 14. Net Loss Per Share Attributable to Common Stockholders**

The following table presents the calculation of basic and diluted net loss per share for the Company's common stock as of:

	Three months ended March 31,	
	2024	2023
	(in thousands except per share amounts)	
Numerator for basic and diluted EPS – net loss attributable to common stockholders	<u>\$ ( 16,324 )</u>	<u>\$ ( 20,775 )</u>
Denominator:		
Denominator for basic and diluted EPS – weighted-average shares of common stock outstanding used in computing net loss per share	<u>186,635</u>	<u>190,043</u>
Basic and diluted net loss per share attributable to common stockholders	<u>\$ ( 0.09 )</u>	<u>\$ ( 0.11 )</u>

The following outstanding potentially dilutive common stock equivalents have been excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented due to their anti-dilutive effect as of:

	March 31,	
	2024	2023
	(in thousands)	
Outstanding stock options and unvested RSUs	18,330	21,246
Shares of common stock pursuant to ESPP	227	340
Total anti-dilutive outstanding potential common stock	<u>18,557</u>	<u>21,586</u>

**EverCommerce Inc.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**Note 15. Fair Value of Financial Instruments**

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair value.

The Company measures fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. The Company utilizes a three-tier hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

- **Level 1:** Valuations based on quoted prices in active markets for identical assets or liabilities that an entity has the ability to access.
- **Level 2:** Valuations based on quoted prices for similar assets or liabilities, quoted prices for identical assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities.
- **Level 3:** Valuations based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The carrying value of cash and cash equivalents, accounts receivable, contract assets and accounts payable approximate their fair value because of the short-term nature of these instruments. Our interest rate swaps are valued based upon interest yield curves, interest rate volatility and credit spreads. Our interest rate swaps are classified within Level 2 of the fair value hierarchy as all significant inputs are corroborated by observable data.

There were no transfers between fair value measurement levels during the three months ended March 31, 2024 and 2023.

The following table presents information about the Company's financial assets and liabilities measured at fair value on a recurring basis as of:

	<b>March 31, 2024</b>					<b>Balance Sheet Classification</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>		
(in thousands)						
<b>Assets:</b>						
Money market	\$ 4,127	\$ —	\$ —	\$ 4,127		Cash equivalents
Interest rate swaps	\$ —	\$ 563	\$ —	\$ 563		Other non-current assets
<b>Liability:</b>						
Interest rate swaps	\$ —	\$ 627	\$ —	\$ 627		Other non-current liabilities

	<b>December 31, 2023</b>					<b>Balance Sheet Classification</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>		
(in thousands)						
<b>Asset:</b>						
Money market	\$ 764	\$ —	\$ —	\$ 764		Cash equivalents
<b>Liability:</b>						
Interest rate swap	\$ —	\$ 4,889	\$ —	\$ 4,889		Other non-current liabilities

**Note 16. Income Taxes**

Our provision for income taxes in interim periods has historically been based on our estimated annual effective tax rate. We record cumulative adjustments in the quarter in which a change in the estimated annual effective rate is determined. In the first quarter of 2024, it is the Company's judgement that the estimated annual effective tax rate did not result in a reliable estimate, so an estimate was determined using year to date results.

The income tax expense was \$ 5.9 million and \$ 0.3 million for the three months ended March 31, 2024 and 2023, respectively. Our effective income tax rate was 56.9 % and 1.5 % for the three months ended March 31, 2024 and 2023, respectively. The difference in income tax rate for the three months ended March 31, 2024 as compared to the corresponding period in 2023 was driven primarily by an increase in U.S. federal and state income taxes and discrete items, including the sale of North American Fitness during the three months ended March 31, 2024.

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**Note 17. Commitments and Contingencies**

The Company has non-cancelable contractual purchase obligations incurred in the normal course of business to help deliver our services and products and provide support to our customers. These contracts with vendors primarily relate to software service, targeted mail costs, third-party fulfillment costs and software hosting. Unrecognized future minimum payments due under these agreements are as follows (in thousands):

Year ended December 31,

2024 (remainder of year)	\$ 11,851
2025	12,544
2026	3,745
2027	2,625
2028	687
Thereafter	—
<b>Total future minimum payments due</b>	<b>\$ 31,452</b>

From time to time, the Company is involved in various lawsuits and legal proceedings which arise in or outside the ordinary course of business. Litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. Accruals for loss contingencies are recorded when a loss is probable, and the amount of such loss can be reasonably estimated. An adverse determination in one or more of these pending matters could have an adverse effect on the Company's consolidated financial position, results of operations or cash flows.

On January 31, 2024, plaintiff Vladimir Gusinsky Revocable Trust filed a putative class action lawsuit in the Court of Chancery of the State of Delaware against the Company, members of its Board and the other parties to its sponsor stockholders agreement, dated June 30, 2021, Providence Strategic Growth II L.P., Providence Strategic Growth II-A L.P., SLA Eclipse Co-Invest, L.P., and SLA CM Eclipse Holdings, L.P. (collectively, the "Sponsor Stockholders"), captioned Vladimir Gusinsky Revocable Trust v. Eric Remer, Penny Baldwin, et. al., Case No. 2024-0077 (Del Ch.). The complaint generally alleges violations of Section 141(a) of the Delaware General Corporation Law ("DGCL") by providing the Sponsor Stockholders with a veto right over the Board's ability to hire or fire the Company's Chief Executive Officer (the "CEO Approval Right") on the basis that it unlawfully limits the Board's authority to manage the business and affairs of the Company. The plaintiff seeks declaratory judgment that the CEO Approval Right is invalid and void, other declaratory and equitable relief for the class and/or the Company, attorneys' and experts' witness fees and other costs and expenses, and other equitable relief. The Company believes it has meritorious defenses to the claims of the plaintiff and members of the class and any liability for the alleged claims is not currently probable and the potential loss or range of loss is not reasonably estimable.

The Company is party to additional legal proceedings incidental to its business. While the outcome of these additional matters could differ from management's expectations, the Company does not believe that the resolution of such matters is reasonably likely to have a material effect on its results of operations or financial condition.

The Company assesses the applicability of nexus in jurisdictions in which the Company sells products and services. As of March 31, 2024 and December 31, 2023, the Company recorded a liability in the amount of \$ 10.9 million in both periods within current liabilities and other long-term liabilities as a provision for sales and use, gross receipts and goods and services tax. In connection with the Company's accounting for acquisitions, the Company has recorded liabilities and corresponding provisional escrow or indemnity receivables within the purchase price allocations for instances in which the Company is indemnified for tax matters.

**Note 18. Geographic Areas**

The following table sets forth long-lived assets by geographic area as of:

	March 31,	December 31,	
	2024	2023	
(in thousands)			
United States	\$ 38,375	\$ 41,134	
International	\$ 9,497	\$ 11,111	

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

Unless the context requires otherwise, references in this Quarterly Report on Form 10-Q to "EverCommerce," the "Company," "we," "us" and "our" refer to EverCommerce Inc. and its consolidated subsidiaries. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and our consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2023 (the "Annual Report on Form 10-K") filed with the Securities and Exchange Commission ("SEC") on March 14, 2024. Additionally, our historical results are not necessarily indicative of the results that may be expected for any period in the future.

### Overview

EverCommerce is a leading provider of integrated, vertically-tailored software-as-a-service ("SaaS") solutions for service-based small- and medium-sized businesses ("service SMBs"). Our platform spans across the full lifecycle of interactions between consumers and service professionals with vertical-specific applications. Today, we serve more than 708,000 customers across three core verticals: Home Services; Health Services; and Fitness & Wellness Services. Within our core verticals, our customers operate within numerous micro-verticals, ranging from home service professionals, such as home improvement contractors and home maintenance technicians, to physician practices and therapists within Health Services, to personal trainers and salon owners within Fitness & Wellness. Our platform provides vertically-tailored SaaS solutions that address service SMBs' increasingly specialized demands, as well as highly complementary solutions that provide fully-integrated offerings, allowing service SMBs and EverCommerce to succeed in the market, and provide end consumers more convenient service experiences.

We offer several vertically-tailored suites of solutions, each of which follows a similar and repeatable go-to-market playbook: offer a "system of action" Business Management Software that streamlines daily business workflows, integrate highly complementary, value-add adjacent solutions and complete gaps in the value chain to create end-to-end solutions. These solutions focus on addressing how service SMBs market their services, streamline operations and retain and engage their customers.

- **Business Management Software:** Our vertically-tailored Business Management Software is the system of action at the center of a service business's operation, and is typically the point-of-entry and first solution adopted by a customer. Our software, designed to meet the day-to-day workflow needs of businesses in specific vertical end markets, streamlines front and back-office processes and provides polished customer-facing experiences. Using these offerings, service SMBs can focus on growing their customers, improving their services and driving more efficient operations.
- **Billing & Payment Solutions:** Our Billing & Payment Solutions provide integrated payments, billing and invoicing automation and business intelligence and analytics. Our omni-channel payments capabilities include point-of-sale, eCommerce, online bill payments, recurring billing, electronic invoicing and mobile payments. Supported payment types include credit card, debit card and Automated Clearing House ("ACH") processing. Our payments platform also provides a full suite of service commerce features, including customer management as well as cash flow reporting and analytics. These value-add features help small- and medium-sized businesses ("SMBs") to ensure more timely billing and payments collection and provide improved cash flow visibility.
- **Customer Experience Solutions:** Our Customer Experience Solutions modernize how businesses engage and interact with customers by leveraging innovative, bespoke customer listening and communication solutions to improve the customer experience and increase retention. Our software provides customer listening capabilities with real-time customer surveying and analysis to allow standalone businesses and multi-location brands to receive voice of the customer ("VOC") insights and manage the customer experience lifecycle. These applications include: customer health scoring, customer support systems, real-time alerts, Net Promoter Score-based customer feedback collection, review generation and automation, reputation management, customer satisfaction surveying and a digital communication suite, among others. These tools help our customers gain actionable insights, increase customer loyalty and repeat purchases and improve customer experiences.
- **Marketing Technology Solutions:** Our Marketing Technology Solutions work with our Customer Experience Solutions to help customers build their businesses by invigorating marketing operations and improving return on investment across the customer lifecycle. These solutions help businesses to manage campaigns, generate quality leads, increase conversion and repeat sales, improve customer loyalty and provide a polished brand experience. Our solutions include: custom website design, development and hosting, responsive web design, marketing campaign design and management, search engine optimization ("SEO"), paid search and display advertising, social media and blog automation, call tracking, review monitoring and marketplace lead generation, among others.

We go to market with suites of solutions that are aligned to our three core verticals: (i) the EverPro suite of solutions in Home Services; (ii) the EverHealth suite of solutions within Health Services; and (iii) the EverWell suite of solutions in Fitness & Wellness Services. Within each suite, our Business Management Software – the system of action at the center of a service business' operation – is typically the first solution adopted by a customer. This vertically-tailored point-of-entry provides us with an opportunity to cross-sell adjacent products, previously offered as fragmented and disjointed point solutions by other software providers. This "land and expand" strategy allows us to acquire customers with key foundational solutions and expand into offerings via product development and acquisitions that cover all workflows and power the full scope of our customers' businesses. This results in a self-reinforcing flywheel effect, enabling us to drive value for our customers and, in turn, improve customer stickiness, increase our market share and fuel our growth.

We generate three types of revenue: (i) Subscription and Transaction Fees, which are primarily recurring revenue streams, (ii) Marketing Technology Solutions, which includes both recurring and re-occurring revenue streams and (iii) Other revenue which consists primarily of one-time revenue streams. Our recurring revenue generally consists of monthly, quarterly and annual software and maintenance subscriptions, transaction revenue associated with integrated payments and billing solutions and monthly contracts for Marketing Technology Solutions. Additionally, our re-occurring revenue includes revenue related to the sale of marketing campaigns and lead generation under contractual arrangements with customers.

Our business benefits from attractive unit economics. Approximately 97% of our revenue in the three months ended March 31, 2024 and 2023 was recurring or re-occurring, and we maintained an annualized net pro forma revenue retention rate of approximately 93% for the quarter ended March 31, 2024. Excluding our marketing technology solutions, our annualized net revenue retention rate for our core software and payments solutions was approximately 99% for the three months ended March 31, 2024. We believe the retention and growth of revenue from our existing customers is a helpful measure of the health of our business and our future growth prospects. Our ability to cross sell additional products and services to our existing customers can increase customer engagement with our suite of solutions and thus have a positive impact on our net pro forma revenue retention rate. For example, we have leveraged our land and expand strategy to cross sell solutions to our existing customers, which has supported our high net pro forma revenue retention rate by increasing customer utilization of our solutions, educating customers as to how our platform and synergies can support their businesses and, in turn, improving customer stickiness.

We calculate our monthly net pro forma revenue retention rate for a particular month as the recurring or re-occurring revenue gained/lost from existing customers, less the recurring or re-occurring revenue lost from cancelled customers, as a percentage of total recurring or re-occurring revenue 12 months prior, divided by 12. For existing customers, we consider customers that existed 11 or more months prior to the current month and that do not have an end date (i.e., cancelled relationship) on or after the first day of the current month. For example, the recurring or re-occurring revenue gained/lost from existing customers in November 2023 is the difference between the recurring or re-occurring revenue generated in November 2023 and the same such revenue generated in November 2022, for customers with a start date prior to December 1, 2022 and no end date or cancelled relationship on or after November 1, 2023. For cancelled customers, we examine customers that cancelled their relationships on or after the first day of the month that is 12 months prior to the current month and before the first day of the current month. For example, the recurring or re-occurring revenue lost from cancelled customers in November 2023 is the difference between the recurring or re-occurring revenue generated in November 2023 and the same such revenue generated in November 2022, for customers that cancelled on or after November 1, 2022 and before November 1, 2023. Net pro forma revenue retention is calculated as if acquisitions and dispositions that were closed during the prior period presented were closed on the first day of such period presented. Our calculation of net pro forma revenue retention rate for any fiscal period includes the positive recurring and re-occurring revenue impacts of selling new solutions to existing customers and the negative impacts of contraction and attrition among this set of customers. Our net pro forma revenue retention rate may fluctuate as a result of a number of factors, including the growing level of our revenue base, the level of penetration within our customer base, expansion of solutions, new acquisitions and dispositions and our ability to retain our customers. Our calculation of net pro forma revenue retention rate may differ from similarly titled metrics presented by other companies.

#### **Sale of Fitness Solutions**

On March 13, 2024, we entered into definitive sale and purchase agreements to sell our fitness solutions to Jonas Software (see Note 4. Disposition and Held for Sale in this Quarterly Report on Form 10-Q). The sale of North American Fitness closed simultaneously with signing. The sale of UK Fitness is subject to customer closing conditions and regulatory approval by the Financial Conduct Authority and is expected to close during the third quarter of 2024. The assets and liabilities of the UK Fitness disposal group are classified as held for sale and presented within other current assets and other current liabilities on our unaudited condensed consolidated balance sheets as of March 31, 2024. The divestiture did not qualify for reporting as a discontinued operation. As a result, our unaudited condensed consolidated financial statements include the results of North American Fitness for all periods through the date of sale, while the UK Fitness results are included in our results of operations. In connection with the sale of North American Fitness and the classification of assets and liabilities of UK Fitness as held for sale, we recognized a loss of \$4.8 million related to

the disposal of North American Fitness, a goodwill impairment charge of \$3.4 million representing the allocated goodwill to North American Fitness and a loss on assets held for sale of \$2.6 million related to UK Fitness during the three months ended March 31, 2024, which are included within loss on held for sale and impairments on our unaudited condensed consolidated statements of operations and comprehensive loss.

#### **Impact of Macroeconomic Climate**

The macroeconomic climate continues to see pressure from global developments such as international geopolitical conflict, terrorism, rising inflation, fluctuations in the value of the US Dollar, rising interest rates and supply chain disruptions. These developments have had and may continue to have an adverse effect on our revenues and demand for our products and services, as well as on our costs of doing business. We have taken and will continue to take actions to help mitigate the impact of these economic challenges, but there can be no assurance as to the effectiveness of our efforts going forward.

#### **Key Factors Affecting Our Performance**

We believe that our performance and future success depends on a number of factors that present significant opportunities for us but also pose risks and challenges. For discussion of these factors, please see "Part II, Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations* – "Key Factors Affecting Our Performance" included in our Annual Report on Form 10-K. For a discussion about why we consider our Non-GAAP measures useful and a discussion of the material risks and limitations of such measures, please see Part II, Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations – Key Business and Financial Metrics – Non-GAAP Financial Measures*" included in our Annual Report on Form 10-K filed on March 14, 2024.

#### **Key Business and Financial Metrics (Non-GAAP Financial Measures)**

In addition to our results and measures of performance determined in accordance with generally accepted accounting principles in the United States ("GAAP"), we believe the following key business and non-GAAP financial measures are useful in evaluating and comparing our financial and operational performance over multiple periods, identifying trends affecting our business, formulating business plans and making strategic decisions.

##### **Pro Forma Revenue Growth Rate**

Pro Forma Revenue Growth Rate is a key performance measure that our management uses to assess our consolidated operating performance over time. Management also uses this metric for planning and forecasting purposes.

Our year-over-year Pro Forma Revenue Growth Rate is calculated as though all acquisitions and divestitures completed as of the end of the latest period were completed as of the first day of the prior year period presented. In calculating Pro Forma Revenue Growth Rate, we add the revenue from acquisitions for the reporting periods prior to the date of acquisition (including estimated purchase accounting adjustments) and exclude revenue from divestitures and held for sale assets for the reporting periods prior to the date of divestiture, and then calculate our revenue growth rate between the two reported periods. As a result, Pro Forma Revenue Growth Rate includes pro forma revenue from businesses acquired and excludes revenue from businesses divested of during the period, including revenue generated during periods when we did not yet own the acquired businesses and excludes revenue prior to the divestiture of the business. In including such pre-acquisition revenue and excluding pre-divestiture revenue, Pro Forma Revenue Growth Rate allows us to measure the underlying revenue growth of our business as it stands as of the end of the respective period, which we believe provides insight into our then-current operations. Pro Forma Revenue Growth Rate does not represent organic revenue generated by our business as it stood at the beginning of the respective period. Pro Forma Revenue Growth Rates are not necessarily indicative of either future results of operations or actual results that might have been achieved had the acquisitions and divestitures been consummated on the first day of the prior year period presented. We believe that this metric is useful to investors in analyzing our financial and operational performance period over period and evaluating the growth of our business, normalizing for the impact of acquisitions and divestitures. This metric is particularly useful to management due to the number of acquired entities.

Our Pro Forma Revenue Growth rate was 5.7% for the three months ended March 31, 2024, reflective of the underlying growth in our business including new customers and providing more solutions to existing customers.

##### **Adjusted Gross Profit**

Gross profit is calculated as total revenue less cost of revenue (exclusive of depreciation and amortization), amortization of developed technology, amortization of capitalized software and depreciation expense (allocated to cost of revenues). We calculate Adjusted Gross Profit as gross profit adjusted to exclude non-cash charges of depreciation and amortization allocated to cost of revenues. Adjusted Gross Profit should be viewed as a measure of operating performance that is a supplement to, and not a substitute for, operating income or loss, net earnings or loss and other GAAP measures of income (loss) or profitability.

The following table presents a reconciliation of gross profit, the most directly comparable financial measure calculated in accordance with GAAP, to Adjusted Gross Profit on a consolidated basis.

	Three months ended			\$	
	March 31,		Change		
	2024	2023			
(in thousands)					
Revenue	\$ 170,113	\$ 161,136	\$ 8,977		
Cost of revenues (exclusive of depreciation and amortization)	56,793	55,946	847		
Amortization of developed technology	2,103	3,824	(1,721)		
Amortization of capitalized software	2,522	1,814	708		
Depreciation expense allocated to cost of revenues	276	271	5		
Gross profit	108,419	99,281	9,138		
Depreciation and amortization	4,901	5,909	(1,008)		
Adjusted gross profit	\$ 113,320	\$ 105,190	\$ 8,130		

#### **Adjusted EBITDA**

Adjusted EBITDA is calculated as net loss adjusted to exclude interest and other expense, net, income tax expense (benefit), depreciation and amortization, other amortization, stock-based compensation, and transaction-related and other non-recurring costs. Other amortization includes amortization for capitalized contract acquisition costs. Transaction-related costs are specific deal-related costs such as legal fees, financial and tax due diligence, consulting and escrow fees. Other non-recurring costs are expenses such as impairment charges, (gains) losses from disposition and assets held for sale, system implementation costs, severance expense related to planned restructuring activities, and costs associated with integration and transformation improvements. Transaction-related and other non-recurring costs are excluded as they are not representative of our underlying operating performance. Adjusted EBITDA should be viewed as a measure of operating performance that is a supplement to, and not a substitute for, operating income or loss, net earnings or loss and other GAAP measures of income (loss).

The following table presents a reconciliation of net loss, the most directly comparable financial measure calculated in accordance with GAAP, to Adjusted EBITDA on a consolidated basis.

	Three months ended			\$	
	March 31,		Change		
	2024	2023			
(in thousands)					
Net loss	\$ (16,324)	\$ (20,775)	\$ 4,451		
Adjusted to exclude the following:					
Interest and other expense, net	5,791	15,188	(9,397)		
Income tax expense	5,923	299	5,624		
Depreciation and amortization	22,951	25,950	(2,999)		
Other amortization	1,670	1,309	361		
Stock-based compensation expense	5,576	7,514	(1,938)		
Transaction-related and other non-recurring costs	15,303	2,453	12,850		
Adjusted EBITDA	\$ 40,890	\$ 31,938	\$ 8,952		

#### **Description of Certain Components of Financial Data**

For additional information concerning our accounting policies, see Note 2. Summary of Significant Accounting Policies in the notes to the consolidated financial statements included in our Annual Report on Form 10-K.

#### **Revenues**

We derive our revenue from three primary sources which are described in detail below: (i) Subscription and Transaction Fees, which are primarily recurring revenue streams, (ii) Marketing Technology Solutions, which includes both recurring and re-occurring revenue streams and (iii) Other revenue, which consists primarily of the sale of distinct professional services and hardware. Our revenue

recognition policies are discussed in more detail below under *"Critical Accounting Policies and Significant Judgments and Estimates."*

**Subscription and Transaction Fees:** Revenue includes (i) recurring monthly, quarterly and annual SaaS subscriptions and software license and maintenance fees from the sale of our Business Management, Customer Experience and Billing and Payment solutions; (ii) payment processing fees based on the transaction volumes processed through our integrated payment solutions and processing fees based on transaction volumes for our revenue cycle management, chronic care management and health insurance clearinghouse solutions; and (iii) membership subscriptions and our share of rebates from suppliers generated through group purchasing programs. Our revenue from payment processing fees is recorded net of credit card and ACH processing and interchange charges in the month the services are performed.

**Marketing Technology Solutions:** Revenue includes (i) recurring revenues for managing digital advertising programs on behalf of our customers including website hosting, search engine management and optimization, social media management and blog automation; and (ii) re-occurring fees paid by service professionals for consumer leads generated by our various platforms.

**Other:** Revenue includes (i) consulting, implementation, training and other professional services; (ii) website development; (iii) revenue from various business development partnerships; (iv) event income; and (v) hardware sales related to our business management or payment software solutions.

#### **Cost of Revenues**

Cost of revenue (exclusive of depreciation and amortization) consists of expenses related to delivering our services and products and providing support to our customers and includes employee costs and related overhead, customer credit card processing fees, targeted mail costs, third-party fulfillment costs and software hosting expenses.

We expect that cost of revenue as a percentage of revenue will fluctuate from period to period based on a variety of factors, including the mix of revenue between subscription and transaction fees and marketing technology solutions, labor costs, third-party expenses and acquisitions and dispositions. In particular, marketing technology solutions revenue generally has a higher cost of revenue as a percentage of revenue than our subscription and transaction fee revenue. For the three months ended March 31, 2024, revenue from subscription and transaction fees increased 8.8%, and revenue from marketing technology solutions decreased 4.7% compared to the prior year period. To the extent our marketing technology solutions revenue grows at a faster rate, whether by acquisition or otherwise, than our subscription and transaction fees revenue, it could negatively impact our cost of revenues as a percentage of revenue.

#### **Sales and Marketing**

Sales and marketing expense consists primarily of employee costs for our sales and marketing personnel, including salaries, benefits, bonuses, stock-based compensation and sales commissions. Sales and marketing expenses also include advertising costs, travel-related expenses and costs to market and promote our products, direct customer acquisition costs, costs related to conferences and events and partner/broker commissions. Software and subscription services dedicated for use by our sales and marketing organization, and outside services contracted for sales and marketing purposes are also included in sales and marketing expense. Sales commissions that are incremental to obtaining a customer contract are deferred and amortized ratably over the estimated period of our relationship with that customer. We expect our sales and marketing expenses will increase in absolute dollars for the foreseeable future as we continue to increase investments to support our growth.

#### **Product Development**

Product development expense consists primarily of employee costs for our product development personnel, including salaries, benefits, stock-based compensation and bonuses. Product development expenses also include third-party outsourced technology costs incurred in developing our platforms, and computer equipment, software and subscription services dedicated for use by our product development organization. We expect our product development expenses to increase in absolute dollars for the foreseeable future as we continue to dedicate substantial resources to develop, improve and expand the functionality of our solutions.

#### **General and Administrative**

General and administrative expense consists of employee costs for our executive leadership, accounting, finance, legal, human resources and other administrative personnel, including salaries, benefits, bonuses and stock-based compensation. General and administrative expenses also include external legal, accounting and other professional services fees, rent, software and subscription services dedicated for use by our general and administrative employees and other general corporate expenses. We expect general and administrative expense to increase on an absolute dollar basis for the foreseeable future as we continue to increase investments to support our growth and due to increased costs as a result of being a public company.

***Depreciation and Amortization***

Depreciation and amortization primarily relate to intangible assets, property and equipment and capitalized software.

***Loss on Held for Sale and Impairments***

Loss on held for sale represents the measurement of the UK Fitness disposal group at the lower of its carrying value or fair value less costs to sell in the period the held for sale criteria are met, and subsequent remeasurement each reporting period the disposal group remains classified as held for sale. Impairments include a goodwill impairment charge representing the allocated goodwill to North American Fitness, and a loss on disposition from the sale of North American Fitness representing the difference between the consideration received and the net carrying amount of the assets sold and transaction costs (see Note 4. Disposition and Held for Sale in this Quarterly Report on Form 10-Q). Impairments also include operating lease impairments related to the Company's decision to cease use of certain leased premises and sublease certain facilities.

***Interest and Other Expense, net***

Interest and other expense, net, primarily consists of interest expense on long-term debt, net of interest income. It also includes amortization expense of financing costs and discounts, as well as realized and unrealized gains and losses related to interest rate swap agreements.

***Income Tax (Expense) Benefit***

U.S. GAAP requires deferred tax assets and liabilities to be recognized for temporary differences between the tax basis and financial reporting basis of assets and liabilities, computed at the expected tax rates for the periods in which the assets or liabilities will be realized, as well as for the expected tax (expense) benefit of net operating loss and tax credit carryforwards. Income taxes are recognized for the amount of taxes payable by the Company's corporate subsidiaries for the current year and for the impact of deferred tax assets and liabilities, which represent future tax consequences of events that have been recognized differently in the financial statements than for tax purposes.

#### Results of Operations

The following tables summarize key components of our results of operations for the periods presented. The period-to-period comparisons of our historical results are not necessarily indicative of our results of operations that may be expected in the future. The following comparative information for results of operations includes the results of North American Fitness for all periods through the date of sale.

##### Comparison of the three months ended March 31, 2024 and 2023

	Three months ended March 31,		Change \$
	2024	2023	
	(in thousands)		
<b>Revenues:</b>			
Subscription and transaction fees	\$ 134,724	\$ 123,820	\$ 10,904
Marketing technology solutions	30,292	31,788	(1,496)
Other	5,097	5,528	(431)
<b>Total revenues</b>	<b>170,113</b>	<b>161,136</b>	<b>8,977</b>
<b>Operating expenses:</b>			
Cost of revenues <sup>(1)</sup> (exclusive of depreciation and amortization presented separately below)	56,793	55,946	847
Sales and marketing <sup>(1)</sup>	29,768	30,899	(1,131)
Product development <sup>(1)</sup>	20,200	18,703	1,497
General and administrative <sup>(1)</sup>	33,790	33,863	(73)
Depreciation and amortization	22,951	25,950	(2,999)
Loss on held for sale and impairments	11,221	1,063	10,158
<b>Total operating expenses</b>	<b>174,723</b>	<b>166,424</b>	<b>8,299</b>
Operating loss	(4,610)	(5,288)	678
<b>Interest and other expense, net</b>	<b>(5,791)</b>	<b>(15,188)</b>	<b>9,397</b>
Net loss before income tax expense	(10,401)	(20,476)	10,075
Income tax expense	(5,923)	(299)	(5,624)
<b>Net loss</b>	<b>\$ (16,324)</b>	<b>\$ (20,775)</b>	<b>\$ 4,451</b>

(1) Includes stock-based compensation expense as follows:

	Three months ended March 31,		Change \$
	2024	2023	
	(in thousands)		
<b>Cost of revenues</b>			
Cost of revenues	\$ 116	\$ 108	\$ 8
Sales and marketing	341	402	(61)
Product development	527	562	(35)
General and administrative	4,592	6,442	(1,850)
<b>Total stock-based compensation expense</b>	<b>\$ 5,576</b>	<b>\$ 7,514</b>	<b>\$ (1,938)</b>

**Comparison of the three months ended March 31, 2024 and 2023 (percentage of revenue)**

The following table provides the key components of operating costs within our results of operations as a percentage of revenue for the three months ended March 31, 2024 compared to the same period in 2023.

	Three months ended		Change	
	March 31,			
	2024	2023		
<b>Total Revenues</b>	100.0%	100.0%		
<b>Operating expenses:</b>				
Cost of revenues (exclusive of depreciation and amortization presented separately below)	33.4 %	34.7 %	(1.3) %	
Sales and marketing	17.5 %	19.2 %	(1.7) %	
Product development	11.9 %	11.6 %	0.3 %	
General and administrative	19.9 %	21.0 %	(1.1) %	
Depreciation and amortization	13.5 %	16.1 %	(2.6) %	
Loss on held for sale and impairments	6.6 %	0.7 %	5.9 %	
<b>Total operating expenses</b>	<b>102.7 %</b>	<b>103.3 %</b>	<b>(0.6) %</b>	

While revenue growth remains a key focus, we remain committed to continued expansion of gross margin, net income and Adjusted EBITDA through ongoing transformation initiatives. As a percentage of revenue, cost of revenues declined from 34.7% to 33.4%, an improvement of approximately 130 basis points resulting in higher gross margin. Additionally, the combination of cost of revenue, sales and marketing, product development and general and administrative costs declined from 86.5% to 82.6%, an improvement of approximately 390 basis points. A discussion on primary drivers of cost reductions resulting in improved margin follows in the subsequent sections.

**Revenues**

	Three months ended		Change	
	March 31,			
	2024	2023		
(in thousands)				
<b>Revenues:</b>				
Subscription and transaction fees	\$ 134,724	\$ 123,820	\$ 10,904	
Marketing technology solutions	30,292	31,788	(1,496)	
Other	5,097	5,528	(431)	
<b>Total revenues</b>	<b>\$ 170,113</b>	<b>\$ 161,136</b>	<b>\$ 8,977</b>	

Revenues increased \$9.0 million, or 5.6%, for the three months ended March 31, 2024, as compared to the same period in 2023. This increase was driven primarily by an \$8.3 million increase from subscription and transaction revenues due to an expansion in our number of customers and certain price increases across our portfolio. Total revenue includes revenue from our fitness solutions (see Note 4. Disposition and Held for Sale in this Quarterly Report on Form 10-Q), of \$5.4 million and \$6.0 million for the three months ended March 31, 2024 and 2023, respectively. Additionally, there was a \$2.6 million increase due to higher transaction volumes processed through our payment platforms. The decline in marketing technology solutions revenues of \$1.5 million resulted primarily from a reduction in demand driven by decreases in consumer spending. The decline in other revenue of \$0.4 million was driven by revenue related to project implementation services during the three months ended March 31, 2023, which did not recur in the current year. The majority of our revenue growth is attributable to the successful delivery of system of action capabilities to our SMBs in our verticals of home services, health and wellness. The growth of revenue from subscription and transaction fees was 8.8%, partially offset by a reduction in marketing technology solutions and other revenues, which have experienced more volatility in revenue generation than the delivery of services through system of actions.

**Cost of Revenues**

	Three months ended		Change	
	March 31,			
	2024	2023		
(dollars in thousands)				
Cost of revenues (exclusive of depreciation and amortization presented separately below)	\$ 56,793	\$ 55,946	\$ 847	

Cost of revenues increased by \$0.8 million, or 1.5%, for the three months ended March 31, 2024 as compared to the same period in 2023. The increase is primarily comprised of an additional \$1.8 million of lead generation and ad spend subject to resale to customers, \$1.3 million of outsourced services, \$0.7 million of application programming interface fees, and \$0.4 million of software hosting expenses, partially offset by a \$1.7 million decrease in communication services and a \$1.3 million decrease in personnel and compensation expense.

**Sales and Marketing**

	Three months ended		Change	
	March 31,			
	2024	2023		
(dollars in thousands)				
Sales and marketing	\$ 29,768	\$ 30,899	\$ (1,131)	

Sales and marketing expenses decreased by \$1.1 million, or 3.7%, for the three months ended March 31, 2024 as compared to the same period in 2023. The decrease was driven primarily by a \$0.7 million reduction in personnel and compensation expense and \$0.3 million in partner/broker commissions.

**Product Development**

	Three months ended		Change	
	March 31,			
	2024	2023		
(dollars in thousands)				
Product development	\$ 20,200	\$ 18,703	\$ 1,497	

Product development expenses increased by \$1.5 million, or 8.0%, for the three months ended March 31, 2024 as compared to the same period in 2023. The increase was a result of continued investment in our technology and teams to support our various solutions as well as centralized security operations, information technology and cloud engineering, driven by an additional \$0.8 million of personnel and compensation expense, \$0.4 million of software and tools expense, and \$0.4 million of outsourced services.

**General and Administrative**

	Three months ended		Change	
	March 31,			
	2024	2023		
(dollars in thousands)				
General and administrative	\$ 33,790	\$ 33,863	\$ (73)	

General and administrative expenses decreased by \$0.1 million, or 0.2%, for the three months ended March 31, 2024 as compared to the same period in 2023. The decrease was driven primarily by a \$1.9 million reduction in stock-based compensation expense, \$0.6 million in facility expense, and \$0.3 million in personnel and compensation expense, partially offset by a \$2.4 million increase in professional fees primarily related to transformation initiatives.

**Depreciation and Amortization**

	Three months ended		Change	
	March 31,			
	2024	2023		
(dollars in thousands)				
Depreciation and amortization	\$ 22,951	\$ 25,950	\$ (2,999)	

Depreciation and amortization expenses decreased by \$3.0 million, or 11.6%, for the three months ended March 31, 2024 as compared to the same period in 2023. The reduction in depreciation and amortization was driven primarily by the reduced rate of replacement assets resulting from a slowdown in business acquisitions. Specifically, these decreases were driven primarily by \$3.8 million in intangible assets' amortization, partially offset by \$0.7 million of additional capitalized software amortization and \$0.1 million of property and equipment depreciation.

**Loss on Held for Sale and Impairments**

	Three months ended		Change \$	
	March 31,			
	2024	2023		
(dollars in thousands)				
Loss on held for sale and impairments	\$ 11,221	\$ 1,063	\$ 10,158	

Loss on held for sale and impairments increased by \$10.2 million as compared to the same period in 2023. In March 2024, we entered into definitive sale and purchase agreements to sell our fitness solutions (see Note 4. Disposition and Held for Sale in this Quarterly Report on Form 10-Q). The North American Fitness transaction resulted in a loss on disposal of \$4.8 million and a goodwill impairment charge of \$3.4 million representing allocated goodwill. Additionally, we recognized a loss on held for sale of \$2.6 million during the three months ended March 31, 2024, which represents the measurement of the UK Fitness disposal group at fair value less costs to sell. We did not have similar expenses during the three months ended March 31, 2023. These increases were partially offset by lower right-of-use lease asset impairments charges of \$0.7 million as compared to the same period in 2023.

**Interest and Other Expense, net**

	Three months ended		Change \$	
	March 31,			
	2024	2023		
(dollars in thousands)				
Interest and other expense, net	\$ 5,791	\$ 15,188	\$ (9,397)	

Interest and other expense, net, decreased by \$9.4 million, or 61.9%, for the three months ended March 31, 2024 as compared to the same period in 2023. The decrease was driven primarily by volatility of interest rates, resulting in an unrealized gain of \$4.8 million on the interest rate swaps recorded during the three months ended March 31, 2024 as compared to an unrealized loss of \$4.2 million recorded in the comparative period, and a \$0.5 million increase in interest income.

**Income Tax Expense**

	Three months ended		Change \$	
	March 31,			
	2024	2023		
(dollars in thousands)				
Income tax expense	\$ (5,923)	\$ (299)	\$ (5,624)	

Income tax expense increased by \$5.6 million for the three months ended March 31, 2024 as compared to the corresponding period in 2023, with the change driven primarily by an increase in U.S. federal and state income taxes and discrete items, including the sale of North American Fitness during the three months ended March 31, 2024.

**Liquidity and Capital Resources**

To date, our primary sources of liquidity have been net cash provided by operating activities, proceeds from equity issuances and proceeds from long-term debt.

We utilize liquidity for items such as strategic investments in the ongoing transformation of our business and infrastructure, our recent business acquisition of Kickserv and share repurchases authorized through our Repurchase Program (defined below). For a description of our recent acquisitions, see Note 3. Acquisitions in our Annual Report on Form 10-K and Note 3. Kickserv Acquisition in this Quarterly Report on Form 10-Q. Absent significant deterioration of market conditions, we expect that working capital requirements, capital expenditures, acquisitions, the Repurchase Program, debt servicing and lease obligations will be our principal needs for liquidity going forward.

As of March 31, 2024, we had cash, cash equivalents and restricted cash of \$92.9 million, \$190.0 million of available borrowing capacity under our Revolver (as defined below) and \$536.3 million outstanding under our Term Loans (as defined below). We believe

that our existing cash, cash equivalents and restricted cash, availability under our Credit Facilities, and our cash flows from operations will be sufficient to fund our working capital requirements and planned capital expenditures, and to service our debt obligations for at least the next twelve months. However, our future working capital requirements will depend on many factors, including our rate of revenue growth, the timing and size of future acquisitions, and the timing of introductions of new products and services. If needed, additional funds may not be available on terms favorable to us, or at all. If we are unable to raise additional funds when desired, our business, financial condition and results of operations could be adversely affected. See Part II, Item 1A, "Risk Factors."

#### **Cash Flows**

The following table sets forth cash flow data for the periods indicated therein:

	Three months ended March 31,	
	2024	2023
	(in thousands)	
Net cash provided by operating activities	\$ 13,297	\$ 12,700
Net cash used in investing activities	(3,606)	(4,857)
Net cash used in financing activities	(12,371)	(30,409)
Effect of foreign currency exchange rate changes on cash	(593)	50
Net decrease in cash, cash equivalents and restricted cash	<u>\$ (3,273)</u>	<u>\$ (22,516)</u>

#### **Cash Flow from Operating Activities**

Net cash provided by operating activities was \$13.3 million for the three months ended March 31, 2024, compared to \$12.7 million for the three months ended March 31, 2023. Changes in net cash provided by operating activities resulted primarily from cash received from net sales within our subscription and transaction fees and marketing technology solutions. Other drivers of the changes in net cash provided by operating activities include payments for personnel expenses for our employees, costs related to delivering our services and products, partner commissions, advertising and interest on our long-term debt.

The increase in cash provided by operating activities for the three months ended March 31, 2024 compared to the three months ended March 31, 2023 was primarily due to higher cash collections from our subscription and transaction fees and marketing technology solutions of approximately \$6.3 million, higher interest income of \$0.6 million and lower interest payments of \$0.3 million, partially offset by higher costs directly related to the delivery of our services and products of \$4.3 million, higher investments made to support the growth of our business of \$2.5 million and higher taxes of \$0.5 million.

#### **Cash Flow from Investing Activities**

During the three months ended March 31, 2024, net cash used in investing activities of \$3.6 million related primarily to costs to develop software of \$4.4 million and \$0.4 million used for purchases of property and equipment, partially offset by proceeds from the sale of North American Fitness, net of transaction costs, cash and restricted cash sold for approximately \$1.2 million.

During the three months ended March 31, 2023, net cash used in investing activities of \$4.9 million related primarily to costs to develop software of \$4.4 million and the remainder was used primarily for purchases of property and equipment.

#### **Cash Flow from Financing Activities**

During the three months ended March 31, 2024, net cash used in financing activities of \$12.4 million related primarily to the repurchase and retirement of shares of our common stock of \$12.1 million.

During the three months ended March 31, 2023, net cash used in financing activities of \$30.4 million related primarily to the repurchase and retirement of shares of our common stock of \$29.6 million.

For additional information regarding our repurchase and retirement of shares of our common stock, refer to Note 12. Equity in the notes to the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

#### **Credit Facilities**

We are party to a credit agreement, as amended, that provides for two term loans for an aggregate principal amount of \$550.0 million ("Term Loans"), a revolver with a capacity of \$190.0 million ("Revolver") and a sub-limit of the Revolver available for letters of

credit up to an aggregate face amount of \$20.0 million. These debt arrangements are collectively referred to herein as the ("Credit Facilities").

Simultaneously with the execution of the Credit Facilities, we and various of our subsidiaries entered into a collateral agreement and guarantee agreement. Pursuant to the guarantee agreement, EverCommerce Intermediate Inc. and various of our subsidiaries are guarantors of the obligations under the Credit Facilities. Pursuant to the collateral agreement, the Credit Facilities are secured by liens on substantially all of our assets, including our intellectual property and the equity interests of our various subsidiaries, including EverCommerce Solutions Inc.

The Credit Facilities contain certain affirmative and negative covenants, including, among other things, restrictions on indebtedness, issuance of preferred equity interests, liens, fundamental changes and asset sales, investments, negative pledges, repurchases of stock, dividends and other distributions, and transactions with affiliates. In addition, we are subject to a financial covenant with respect to the Revolver whereby, if the aggregate principal amount of revolving loans (excluding letters of credit) outstanding on the last day of any fiscal quarter exceeds 35% of the aggregate commitments available under the Revolver, then our first lien leverage ratio as of the last day of such fiscal quarter must be 7.50 to 1.00 or less.

With respect to ABR borrowings, interest payments are due on a quarterly basis on the last business day of each March, June, September and December. With respect to Eurocurrency borrowings, interest payments are due on the last business day of the interest period applicable to the borrowing and, in the case of a Eurocurrency borrowing with an interest period of more than three months' duration, each day prior to the last day of such interest period that occurs at intervals of three months' duration after the first day of such interest period.

Effective as of July 1, 2023, borrowings under the Credit Facilities bear interest at the Company's option at ABR plus an applicable rate, or at a forward-looking term rate based upon the secured overnight financing rate ("SOFR"), plus (i) (a) with respect to Term Loans, credit spread adjustments of 0.11448%, 0.26161%, 0.42826% and 0.71513% for interest periods of one, three, six and twelve months, respectively, and (b) with respect to revolving loans, a credit spread adjustment of 0.0% ("Adjusted SOFR") plus (ii) an applicable rate, in each case with such applicable rate based on the Company's first lien net leverage ratio. The ABR represents the highest of the prime rate, Federal Reserve Bank of New York rate plus 1/2 of 1%, and the Adjusted SOFR for a one month interest period plus 1%. The applicable rate for the Term Loans and the Revolver is 3.0% for Adjusted SOFR borrowings and 2.0% for ABR borrowings, in each case subject to change based on our first lien net leverage ratio.

Effective October 31, 2022, we entered into an interest rate swap agreement in connection with the Company's Credit Facilities for a notional amount of \$200.0 million to convert a portion of the floating rate component of the Term Loans from a floating rate to a fixed rate (the "Initial Swap"). The Initial Swap has a term of five years with a fixed rate in the agreement of 4.212%, as amended in June 2023. Additionally, effective March 31, 2023, the Company entered into a second interest rate swap agreement in connection with the Company's Credit Facilities for a notional amount of \$100.0 million to convert a portion of the floating rate component of the Term Loans from a floating rate to a fixed rate (the "Second Swap"). The Second Swap has a term of approximately 4.5 years with a fixed rate in the agreement of 3.951%, as amended in June 2023.

The Revolver has a variable commitment fee, which is based on our first lien leverage ratio. We expect the commitment fee to range from 0.25% to 0.375% per annum. We are obligated to pay a fixed fronting fee for letters of credit of 0.125% per annum.

Amounts borrowed under the Revolver may be repaid and re-borrowed through maturity of the Revolver in July 2026. The Term Loans mature in July 2028. The Term Loans may be repaid or prepaid but may not be re-borrowed.

As of March 31, 2024, there was \$536.3 million outstanding under our Credit Facilities, all of which was related to the Term Loans as no amounts were outstanding under the Revolver. The effective interest rate on the Term Loans was approximately 8.4% for the three months ended March 31, 2024, excluding the effect of any interest rate swap agreements.

As of March 31, 2024, we were in compliance with the covenants under the Credit Facilities.

#### **Stock Repurchase Program**

On June 14, 2022, our Board of Directors approved the stock repurchase program (as subsequently amended, the "Repurchase Program") with authorization to purchase up to \$50.0 million in shares of the Company's common stock through the expiration of the program on December 21, 2022. On November 7, 2022, our Board of Directors approved an expansion of the Repurchase Program with authorization to purchase up to an additional \$50.0 million in shares of the Company's common stock (\$100.0 million total) and an extension to the expiration of the Repurchase Program through December 31, 2023. On November 5, 2023, our Board approved an additional expansion of the Repurchase Program with authorization to purchase up to an additional \$50.0 million in shares of the Company's common stock (from \$100.0 million to \$150.0 million in total) and extended the expiration of the Repurchase Program through December 31, 2024. Repurchases under the program may be made in the open market, in privately negotiated transactions or

otherwise, with the amount and timing of repurchases to be determined at the Company's discretion, depending on market conditions and corporate needs. The Repurchase Program does not obligate the Company to acquire any particular amount of common stock and may be modified, suspended or terminated at any time at the discretion of the Board. The Company expects to fund repurchases with existing cash on hand.

The Company repurchased and retired 1.2 million shares of common stock for approximately \$12.1 million, including transaction fees and taxes, during the three months ended March 31, 2024. As of March 31, 2024, \$27.9 million remained available under the Repurchase Program.

#### **Contractual Obligations**

There have been no material changes to our contractual obligations as of March 31, 2024 from those disclosed in our Annual Report on Form 10-K.

Refer to Notes 10. Leases, 11. Long-Term Debt and 17. Commitments and Contingencies in the notes to the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for a discussion of our operating leases, debt and contractual obligations, respectively.

#### **Critical Accounting Policies and Significant Judgments and Estimates**

Our financial statements are prepared in accordance with U.S. GAAP. The preparation of our financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Our critical accounting policies are described in Part II Item 7, *"Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies"* in our Annual Report on Form 10-K. During the three months ended March 31, 2024, there were no material changes to our critical accounting policies from those discussed in our Annual Report on Form 10-K.

#### **Recent Accounting Pronouncements**

See Note 2. Summary of Significant Accounting Policies in the notes to the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for a discussion of accounting pronouncements recently adopted and recently issued accounting pronouncements not yet adopted, and their potential impact to our financial statements.

#### **Election Under the Jumpstart Our Business Startups Act of 2012**

The Company currently qualifies as an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. Accordingly, the Company is provided the option to adopt new or revised accounting guidance either (i) within the same periods as those otherwise applicable to non-emerging growth companies or (ii) within the same time periods as private companies.

The Company has elected to adopt new or revised accounting guidance within the same time period as private companies, unless management determines it is preferable to take advantage of early adoption provisions offered within the applicable guidance. Our utilization of these transition periods 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.

#### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

There have been no material changes to our disclosures regarding market risk as described in our Annual Report on Form 10-K under the heading Part II. Item 7A. *"Quantitative and Qualitative Disclosures about Market Risk."*

#### **Item 4. Controls and Procedures**

##### **Limitations on effectiveness of controls and procedures**

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

**Evaluation of disclosure controls and procedures**

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our principal executive officer and principal financial officer have concluded that, as of March 31, 2024, our disclosure controls and procedures were not effective at the reasonable assurance level, due to the material weakness in our internal control over financial reporting as described in Part II, Item 9A. *“Controls and Procedures”* in our Annual Report on Form 10-K for the year ended December 31, 2023.

**Changes in Internal Control over Financial Reporting**

We continue to work to remediate our material weakness in our internal control over financial reporting as described in Part II, Item 9A . *“Controls and Procedures”* in our Annual Report on Form 10-K for the year ended December 31, 2023. There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended 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

We are from time to time subject to various legal proceedings, claims, and governmental inspections, audits, or investigations that arise in the ordinary course of our business. We believe that the ultimate resolution of these matters would not be expected to have a material adverse effect on our business, financial condition, or operating results.

### Item 1A. Risk Factors

In addition to the information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the risk factors disclosed in Part I. Item 1A “ *Risk Factors*” of our Annual Report on Form 10-K. There have been no material changes to our risk factors from those included in our Annual Report on Form 10-K.

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

#### Recent Sales of Unregistered Securities; Purchases of Equity Securities by the Issuer or Affiliated Purchaser

During the three months ended March 31, 2024, we repurchased approximately \$12.1 million in shares of our common stock under our Repurchase Program, including transaction fees and taxes. The stock repurchase activity under our Repurchase Program during the three months ended March 31, 2024 was as follows:

	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs <sup>(1)</sup>	Approximate dollar value of shares that may yet be purchased under the plans or programs <sup>(1)</sup>
<i>(in thousands, except per share and share amounts)</i>				
January 1, 2024 - January 31, 2024	346,713	\$ 10.26	346,713	\$ 36,414
February 1, 2024 - February 29, 2024	381,887	\$ 9.92	381,887	\$ 32,625
March 1, 2024 - March 31, 2024	504,905	\$ 9.30	504,905	\$ 27,929

(1) On June 14, 2022, our Board approved the Repurchase Program with authorization to purchase up to \$50.0 million in shares of the Company's common stock through the expiration of the program on December 21, 2022. On November 7, 2022, our Board approved an expansion of the Repurchase Program with authorization to purchase up to an additional \$50.0 million in shares of the Company's common stock (\$100.0 million total) and an extension to the expiration of the Repurchase Program through December 31, 2023. On November 5, 2023, our Board approved an additional expansion of the Repurchase Program with authorization to purchase up to an additional \$50.0 million in shares of the Company's common stock (from \$100.0 million to \$150.0 million in total) and extended the expiration of the Repurchase Program through December 31, 2024.

Repurchases under the program may be made in the open market, in privately negotiated transactions or otherwise, with the amount and timing of repurchases to be determined at the Company's discretion, depending on market conditions and corporate needs. Open market repurchases will be structured to occur in accordance with applicable federal securities laws, including within the pricing and volume requirements of Rule 10b-18 under the Exchange Act. The Company may also, from time to time, enter into Rule 10b5-1 plans to facilitate repurchases of its shares under this authorization. The Repurchase Program does not obligate the Company to acquire any particular amount of common stock and may be modified, suspended or terminated at any time at the discretion of the Board. The Company expects to fund repurchases with existing cash on hand.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

During the three months ended March 31, 2024, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

**Item 6. Exhibits**

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed/Furnished Herewith
		Form	File No.	Exhibit	
3.1	<a href="#">Amended and Restated Certificate of Incorporation of EverCommerce Inc</a>	8-K	001-40575	3.1	7/9/2021
3.2	<a href="#">Amended and Restated Bylaws of EverCommerce Inc</a>	8-K	001-40575	3.2	7/9/2021
10.1	<a href="#">Amended and Restated Non-Employee Director Compensation Policy of EverCommerce Inc</a>				*
31.1	<a href="#">Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a)</a>				*
31.2	<a href="#">Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a)</a>				*
32.1	<a href="#">Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350</a>				**
32.2	<a href="#">Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350</a>				**
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 Label 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.

\*\* Furnished herewith.

**SIGNATURES**

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

EVERCOMMERCE INC.

**Date: May 9, 2024**

By: /s/ Eric Remer  
**Eric Remer**  
**Chief Executive Officer**  
*(Principal Executive Officer)*

**Date: May 9, 2024**

By: /s/ Marc Thompson  
**Marc Thompson**  
**Chief Financial Officer**  
*(Principal Financial Officer)*

**Date: May 9, 2024**

By: /s/ Ryan H. Siurek  
**Ryan H. Siurek**  
**Chief Accounting Officer**  
*(Principal Accounting Officer)*

EVERCOMMERCE INC.  
AMENDED AND RESTATED NON-EMPLOYEE DIRECTOR COMPENSATION POLICY

Non-employee members of the board of directors (the “Board”) of EverCommerce Inc. (the “Company”) shall be eligible to receive cash and equity compensation as set forth in this Non-Employee Director Compensation Policy (as amended from time to time, this “Policy”). The cash and equity compensation described in this Policy shall be paid or be made, as applicable, automatically and without further action of the Board, to each member of the Board who is not an employee of the Company or any parent or subsidiary of the Company or an affiliate of Providence Strategic Growth Partners L.L.C. or Silver Lake Technology Management L.L.C. (each, a “Non-Employee Director”) who may be eligible to receive such cash or equity compensation, unless such Non-Employee Director declines the receipt of such cash or equity compensation by written notice to the Company. This Policy became effective on June 30, 2021 and is hereby amended and restated effective as of February [23], 2024 and shall remain in effect until it is revised or rescinded by further action of the Board. This Policy may be amended, modified or terminated by the Board at any time in its sole discretion. The terms and conditions of this Policy shall supersede any prior cash and/or equity compensation arrangements for service as a member of the Board between the Company and any of its Non-Employee Directors and between any subsidiary of the Company and any of its non-employee directors.

1. Cash Compensation.

(a) Annual Retainers. Each Non-Employee Director shall receive an annual retainer of \$55,000 for service on the Board.

(b) Additional Annual Retainers. In addition, a Non-Employee Director shall receive the following annual retainers:

(i) Lead Independent Director of the Board. A Non-Employee Director serving as Lead Independent Director of the Board shall receive an additional annual retainer of \$15,000 for such service.

(ii) Audit Committee. A Non-Employee Director serving as Chairperson of the Audit Committee shall receive an additional annual retainer of \$25,000 for such service. A Non-Employee Director serving as a member of the Audit Committee (other than the Chairperson) shall receive an additional annual retainer of \$20,000 for such service.

(iii) Compensation Committee. A Non-Employee Director serving as Chairperson of the Compensation Committee shall receive an additional annual retainer of \$20,000 for such service. A Non-Employee Director serving as a member of the Compensation Committee (other than the Chairperson) shall receive an additional annual retainer of \$15,000 for such service.

(iv) Nominating and Corporate Governance Committee. A Non-Employee Director serving as Chairperson of the Nominating and Corporate Governance Committee shall receive an additional annual retainer of \$20,000 for such service. A Non-Employee Director serving as a member of the Nominating and Corporate Governance Committee (other than the Chairperson) shall receive an additional annual retainer of \$10,000 for such service.

(c) Payment of Retainers. The annual retainers described in Sections 1(a) and 1(b) shall be earned on a quarterly basis based on a calendar quarter and shall be paid by the Company in arrears not later than the fifteenth day following the end of each calendar quarter. In the event a Non-Employee Director does not serve as a Non-Employee Director, or in the applicable positions described in Section 1(b), for an entire calendar quarter, such Non-Employee Director shall receive a prorated portion of the retainer(s) otherwise payable to such Non-Employee Director for such calendar quarter pursuant to Sections 1(a) and 1(b), with such prorated portion determined by multiplying such otherwise payable retainer(s) by a fraction, the numerator of which is the number of days during which the Non-Employee Director serves as a Non-Employee Director or in the applicable positions described in Section 1(b) during the applicable calendar quarter and the denominator of which is the number of days in the applicable calendar quarter.

2. Equity Compensation. Non-Employee Directors shall be granted the equity awards described below. The awards described below shall be granted under and shall be subject to the terms and provisions of the Company’s 2021 Incentive Award Plan or any other applicable Company equity incentive plan then-maintained by the Company (such plan, as may be amended from time to time, the “Equity Plan”) and shall be granted subject to the execution and delivery of award agreements, including attached exhibits, in substantially the forms previously approved by the Board. All applicable terms of the Equity Plan apply to this Policy as if fully set forth herein, and all equity grants hereunder are subject in all respects to the terms of the Equity Plan.

(a) Annual Awards. Each Non-Employee Director who (i) serves on the Board as of the date of any annual meeting of the Company’s stockholders (an “Annual Meeting”) and (ii) will continue to serve as a Non-Employee Director immediately following such Annual Meeting shall be automatically granted, on the date of such Annual Meeting, an award of restricted stock units that have an aggregate fair value on the date of such Annual Meeting of \$200,000 (as determined in accordance with ASC 718 and with the number of shares of common stock underlying such award subject to adjustment as provided in the Equity Plan). The awards described in this Section 2(a) shall be referred to as the “Annual Awards.” For the avoidance of doubt, a Non-Employee Director elected for the first time to the Board at an Annual Meeting shall receive only an Annual Award in connection with such election, and shall not receive any Initial Award on the date of such Annual Meeting as well.

(b) Initial Awards. Except as otherwise determined by the Board, each Non-Employee Director who is initially elected or appointed to the Board on any date other than the date of an Annual Meeting shall be automatically granted, on the date of such Non-Employee Director’s initial election or appointment (such Non-Employee Director’s “Start Date”), an award of restricted stock units that have an aggregate fair value on such Non-Employee Director’s Start Date equal to the product of (i) \$200,000 (as determined in accordance with ASC 718) and (ii) a fraction, the numerator of which is (x) 365 minus (y) the number of days in the period beginning on the date of the Annual Meeting immediately preceding such Non-Employee Director’s Start Date and ending on such Non-Employee Director’s Start Date and the denominator of which is 365 (with the number of shares of common stock underlying each such award subject to adjustment as provided in the Equity Plan). The awards described in this Section 2(b) shall be referred to as “Initial Awards.” For the avoidance of doubt, no Non-Employee Director shall be granted more than one Initial Award.

(c) Termination of Employment of Employee Directors. Members of the Board who are employees of the Company or any parent or subsidiary of the Company who subsequently terminate their employment with the Company and any parent or subsidiary of the Company and remain on the Board will not receive an Initial Award pursuant to Section 2(b) above, but to the extent that they are otherwise eligible, will be eligible to receive, after termination from employment with the Company and any parent or subsidiary of the Company, Annual Awards as described in Section 2(a) above.

(d) Vesting of Awards Granted to Non-Employee Directors. Each Annual Award and Initial Award shall vest and become exercisable on the earlier of (i) the day immediately preceding the date of the first Annual Meeting following the date of grant and (ii) the first anniversary of the date of grant, subject to the Non-Employee Director continuing in service on the Board through the applicable vesting date. No portion of an Annual Award or Initial Award that is unvested or unexercisable at the time of a Non-Employee Director's termination of service on the Board shall become vested and exercisable thereafter. All of a Non-Employee Director's Annual Awards and Initial Awards shall vest in full immediately prior to the occurrence of a Change in Control (as defined in the Equity Plan), to the extent outstanding at such time.

\* \* \* \* \*



**CERTIFICATION**

I, Eric Remer, certify that:

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

Date: May 9, 2024

By:

/s/ Eric Remer

**Eric Remer**

**Chief Executive Officer and Director  
(principal executive officer)**

**CERTIFICATION**

I, Marc Thompson, certify that:

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

Date: May 9, 2024

By:

/s/ Marc Thompson

**Marc Thompson**

**Chief Financial Officer**  
**(principal financial officer)**

**CERTIFICATION 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 EverCommerce Inc. (the "Company") for the period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 9, 2024

By:

/s/ Eric Remer

Eric Remer

**Chief Executive Officer and Director  
(principal executive officer)**

**CERTIFICATION 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 EverCommerce Inc. (the "Company") for the period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 9, 2024

By:

*/s/ Marc Thompson*

**Marc Thompson**

**Chief Financial Officer  
(principal financial officer)**