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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2023

OR

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

For the transition period from to

Commission file number 001-40575

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 Denver, Colorado	**80205**
(Address of principal executive offices)	**(Zip Code)**

(720) 647-4948

Registrant's telephone number, including area code

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

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☒		

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 has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

As of June 30, 2023, the aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, based on the last reported sales price for the registrant’s common stock, par value $0.00001 per share, on the Nasdaq Stock Market on such date, was $265.0 million.

The registrant had outstanding 186,533,055 shares of common stock as of March 8, 2024.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s definitive Proxy Statement relating to its 2024 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2023 are incorporated herein by reference in Part III.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K 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 Annual Report on Form 10-K 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 Annual Report on Form 10-K include, but are not limited to statements regarding our future results of operations and financial position, industry and business trends, equity compensation, business strategy, plans, market growth, future acquisitions and other capital expenditures, expected closing of the sale of our fitness solutions, and our objectives for future operations.

The forward-looking statements in this Annual Report on Form 10-K 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, the important factors discussed in Part I, Item 1A. “Risk Factors” in this Annual Report on Form 10-K for the year ended December 31, 2023. The forward-looking statements in this Annual Report on Form 10-K are based upon information available to us as of the date of this Annual Report on Form 10-K, 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 Annual Report on Form 10-K and the documents that we reference in this Annual Report on Form 10-K and have filed as exhibits to this Annual Report on Form 10-K 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 Annual Report on Form 10-K. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this Annual Report on Form 10-K, whether as a result of any new information, future events or otherwise.

SUMMARY RISK FACTORS

Our business is subject to numerous risks and uncertainties, including those described in Part II. Item 1A. "Risk Factors" in this Annual Report on Form 10-K. You should carefully consider these risks and uncertainties when investing in our common stock. The principal risks and uncertainties affecting our business include the following:

- Our limited operating history and our evolving business make it difficult to evaluate our future prospects and the risks and challenges we may encounter.
- 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 our 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, which would inhibit our ability to grow and increase our profitability.
- We face intense competition in each of the industries in which we operate, which could negatively impact our business, results of operations and financial condition and cause our market share to decline.
- The industries in which we operate are rapidly evolving and subject to consolidation and the market for technology-enabled services that empower SMBs (defined below) is relatively immature and unproven.
- We are subject to economic and political risk, the business cycles of our clients and changes in the overall level of consumer and commercial spending, which could negatively impact our business, financial condition and results of operations.
- 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 condition 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 could harm 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, which in either case could interrupt our business, cause us to lose business and increase our costs.
- If we are unable to improve our margin, in particular within Marketing Technology Solutions, we may experience lower aggregate profitability and margins.
- A future pandemic, epidemic or outbreak of an infectious disease could impact, our business, financial condition and results of operations, as well as the business or operations of third parties with whom we conduct business.
- We may be unsuccessful in achieving our objectives through acquisitions, dispositions 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 could increase our costs, harm our reputation and adversely impact our financial results.
- We may be unable to adequately protect or enforce, and we may incur significant costs in enforcing or defending, our intellectual property and other proprietary rights.

- We may be subject to patent, trademark and other intellectual property infringement claims, which may be time-consuming, and cause us to incur significant liability and increase our costs of doing business.
- We are subject to governmental regulation and other legal obligations, particularly related to privacy, data protection and information security and our actual or perceived failure to comply with such obligations could harm our business. Compliance with such laws could also impair our efforts to maintain and expand our customer and user bases, and thereby decrease our revenue.
- The parties to our sponsor stockholders' agreement, who also hold a significant portion of our common stock, control the direction of our business and such parties' ownership of our common stock prevent you and other stockholders from influencing significant decisions.
- We are a "controlled company" under the corporate governance rules of The Nasdaq Stock Market and, as a result, qualify for, and rely on, exemptions from certain corporate governance requirements. You do not have the same protections afforded to stockholders of companies that are subject to such requirements.
- We incur 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.

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PART I

Item 1. Business

Overview

EverCommerce is simplifying and empowering the lives of business owners whose services support us every day. We provide tailored, integrated Software-as-a-Service ("SaaS") solutions that support the highly diverse workflows and customer interactions that professionals in home services, health services, and fitness & wellness services need to automate manual processes, generate new business, and create more loyal customers.

EverCommerce is a leading provider of integrated, vertically-tailored 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 approximately 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. For the year ended December 31, 2023, we estimate that approximately 90% of our customers contributed less than $2,000 in revenue and approximately 5% contributed more than $5,000 in revenue.

Small- and medium-sized businesses ("SMBs") are an important engine for economic growth. Collectively, in 2023 SMBs represented the single largest employer and employee category in the U.S. economy, accounting for 99.9% of businesses in the United States, 46% of the U.S. private workforce and over 40% of U.S. GDP. The services sector is the backbone of the U.S. economy, representing approximately 77% of U.S. GDP and 80% of U.S. employment. Service businesses are the largest segment of the SMB market, employing approximately 50 million people in the U.S. alone.

Today, service SMBs are accelerating their adoption of digital technologies to increase growth, drive efficiencies and enhance customer engagement. At the same time, their technology needs are becoming increasingly specialized as they adapt their businesses to better compete and align with evolving consumer preferences. However, service SMBs typically lack available resources to invest in and support expensive enterprise technology solutions and often rely on little-to-no technology. When technology is used, it is often a fragmented set of point solutions with insufficient integrated capabilities to support the complete service lifecycle.

Since inception, we have taken a differentiated approach from other software providers. We recognize that all service SMBs require solutions that enable them to perform three key functions: (i) acquire new customers and generate new business opportunities; (ii) manage and scale business operations; and (iii) improve and expand on customer relationships. However, services SMBs require functionality specific to their vertical market because the workflows vary by vertical. For example, the business management requirements of Home Services contractors are different than the business management requirements of small physician practices or boutique gyms. As a result, we have built a comprehensive platform designed specifically to meet the unique integrated workflow needs of service SMBs. Our integrated solutions include Business Management Software (such as route-based dispatching, medical practice management and gym member management), Billing & Payment Solutions (such as e-invoicing, mobile payments and integrated payment processing), Customer Experience Solutions (such as reputation management and messaging solutions) and Marketing Technology Solutions (such as websites, hosting and digital lead generation). These solutions help our customers address the challenges posed by legacy solutions by providing software that addresses the complete customer engagement workflow, streamlining front- and back-office processes, driving new sales and retention, enabling deeper performance insights and improving customer experiences with digital, mobile-friendly engagement.

We go to market with suites of solutions that are aligned to our three core verticals: (1) the EverPro suite of solutions in Home Services; (2) the EverHealth suite of solutions within Health Services; and (3) 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, expand into offerings via product development ("build") and acquisitions ("buy") that integrate their workflows, fill gaps in the solutions value chain and power the full scope of our customers' businesses. This results in a self-reinforcing flywheel, enabling us to drive more value for our customers and, in turn, fuel our growth by increasing Average Revenue per Unit ("ARPU"), improving customer stickiness and increasing our market share.

While we offer multiple products and address several verticals and micro-verticals, we manage our business with a singular, centralized approach to strategy and operations. We centralize key functions including marketing, business operations, cybersecurity and general and administrative functions, ensuring consistency in execution across each of our verticals, and ultimately stimulating a culture of operational excellence.

Our financial results have reflected our rapid growth. Our revenue has grown at a compound annual growth rate ("CAGR") of 26.0% from 2020 to 2023, and reached $675.4 million for the year ended December 31, 2023, up from $620.7 million for the year ended December 31, 2022, which represents revenue growth of 8.8% from 2022 to 2023. Our net loss was $45.6 million for the year ended December 31, 2023, compared to a net loss of $59.8 million for the year ended December 31, 2022. Our Adjusted EBITDA reached $155.6 million for the year ended December 31, 2023, up from $119.0 million for the year ended December 31, 2022. Moreover, our business benefits from attractive unit economics; we estimate the lifetime value of our customers to be approximately six times the cost of acquiring them. For a reconciliation of Adjusted EBITDA to the most directly comparable Generally Accepted Accounting Principles ("GAAP") financial measure, information about why we consider Adjusted EBITDA useful and a discussion of the material risks and limitations of this measure, 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."*

Key trends impacting our industry

Service SMBs are still in the early innings of transforming their businesses for the digital age. We estimate that only 9% of the service SMB market has been penetrated with fully-integrated software solutions. However, we believe that small businesses now generally view digitization as critical to long-term success. Similar to other industries that are going through major digital transformations – including education, life sciences, public sector, real estate and banking – we believe a number of trends are contributing to the adoption of modern, vertically-tailored software solutions for service SMBs. EverCommerce is operating at the center of many of these trends, including:

- ***Accelerating adoption of digital technologies.*** Consumers' preferences for digital experiences have accelerated in recent years. At the same time, new digital solutions are emerging to enable businesses to increase growth, drive efficiencies and enhance customer engagement. Together, these trends are contributing to the accelerating adoption of digital technologies.
- ***Increasingly vertical- and micro vertical-specific software needs.*** SMBs across verticals are specializing in order to better compete and align with end-customer preferences, which has resulted in a greater need for vertically-tailored software solutions to address micro-vertical specific workflows. For example, software for instructional dance and martial arts centers has emerged within the Fitness & Wellness industry in recent years to better service the specialized educational training needs of these end-customers.
- ***Digital payments.*** Digital payment processing solution adoption continues to expand within our core SMB customer base. Six years ago, we estimated that less than 50% of SMBs in the United States had adopted digital payment processing solutions, and instead relied on paper invoices for payment. This has expanded to nearly 80% in the last couple of years, a trend that we expect to continue in the future. Integrated payments (e.g., digital payment acceptance that is embedded into the software that companies use to manage their businesses) have driven operating efficiencies for businesses and have improved payment security and tracking as compared to traditional paper methods.
- ***Mobile enablement.*** Due in large part to consumer demand and purchasing habits, a substantial amount of commerce is now conducted via a mobile device, whether through a standalone mobile application or as an integrated, companion application to a broader web-based software. Mobile commerce is estimated to represent just over $4.00 of every $10.00 spent online, with growth rapidly outpacing other forms of eCommerce. Within the service economy in particular, home service, wellness and other professionals are often on-the-go, making mobile functionality of paramount importance.
- ***Customer experience.*** With the confluence of changing consumer preferences towards digital and a younger, more tech-savvy generation of business owners taking seat, businesses are increasingly looking to upgrade and streamline how they engage with their customers.
- ***Digital marketing.*** Digital channels are allowing businesses to reach their existing and potential end consumers in more innovative, effective and efficient ways than ever before. We expect both increasing adoption of digital marketing tools, compounded by expected increased spend on such tools, recognizing the power and importance of these digital channels. These trends continue to give rise to evolving and new digital marketing solutions aimed at helping businesses target end consumers, lower acquisition costs and increase lifetime value.
- ***Decreasing barriers to software adoption.*** Given their size and resource capabilities, SMBs generally require lower priced and easier-to-implement technology solutions than larger-scale enterprise businesses. As a result of the innovations in cloud

technology and the proliferation of SaaS, today's solutions are more affordable and easier for SMBs to implement than ever before. According to Cisco, cloud solutions are one of the top three areas for near-term technology investment for small businesses.

Limitations of existing approaches

Historically, service SMBs have not heavily relied on technology to manage key workflows, but they are increasingly turning to software solutions to streamline operations and boost efficiency. However, the offerings available in the market often fail to meet the needs of today's service SMBs, and have some or all of the following limitations:

- ***Lacking vertical-specific functionality.*** Traditional technology companies offer broad, horizontal solutions that apply a "one-size-fits-all" approach and aim to solve functional challenges across different verticals. For service SMBs, these solutions have an excess of broad functionality but lack the vertical specialization required in specific verticals.
- ***Sold as point solutions.*** Existing solutions typically address a single application, use case or stage of a broader customer engagement workflow. These solutions lack the necessary integration of business data and operational workflows that service SMBs need to execute integrated processes. Moreover, they limit visibility into business performance and businesses' ability to optimize data gathered across various processes.
- ***Built on inflexible, legacy technology infrastructure.*** Existing solutions are often built on legacy, on-premise infrastructure. These technologies lack the flexibility and scalability required by today's service SMBs, and are not customizable to meet individual customers' needs.
- ***Cost and resource-intensive.*** Service SMBs are generally price-sensitive and have limited resources. Existing software solutions often require significant capital, time and technical resources to implement, inhibiting faster adoption. Moreover, it is difficult for service SMBs to maintain these solutions and roll out new versions and add-on features without significant time and resources.

Our market opportunity

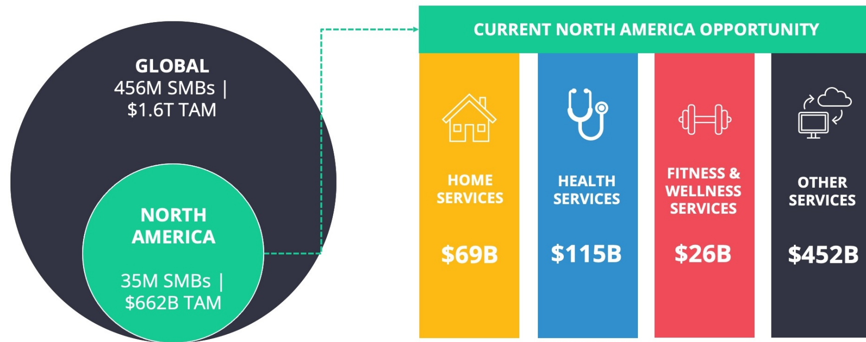
We believe our solutions address a massive market opportunity today. We estimate the total number of service SMBs, which represent service-based businesses with 500 or fewer employees, was approximately 456 million globally in 2023, of which 35 million were in North America.

We estimate the total addressable market ("TAM") for our current solutions was approximately $1.6 trillion globally in 2023, of which approximately $662 billion was in North America, which refers to the United States and Canada. Of the $662 billion, we estimate a $69 billion opportunity in Home Services, a $115 billion opportunity in Health Services, a $26 billion opportunity in Fitness & Wellness Services and a $452 billion opportunity in other services categories. We believe there is considerable runway for long-term growth given the vast majority of our market opportunity is untapped; we estimate that only 9% of the North America service SMB market has been penetrated with fully-integrated software solutions today, and estimate this number to increase to over 13% by 2025.

We arrive at the TAM by estimating the number of service SMBs, multiplying by the list price of the solutions we provide, and making regional adjustments for the number of firms that could pay the listed price.

Our TAM also includes our payments opportunity, which we arrive at by estimating total revenue across our vertical segments and multiplying by both pricing and penetration estimates.

We believe there are multiple sources of upside to our current TAM. As the number of service SMBs grow, as we develop or acquire complementary solutions, and as we enter new geographies, our market opportunity will expand.



Our solutions

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 integrated solutions. These solutions provide value to service SMBs by improving their ability to 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' 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 streamline their operations and focus on growing their customers and improving their services.
- ***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. Based on the monthly average processing volume for the quarter ended December 31, 2023, we estimate that we process annualized total volume of $11.9 billion. We further estimate that, based on our current customers and payment volumes, we have an aggregate annualized payment processing opportunity of approximately $96 billion. Our payments platform also provides a full suite of service commerce

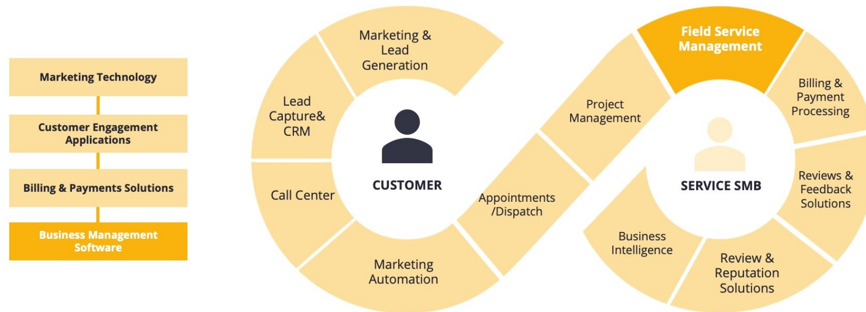
features, including customer management as well as cash flow reporting and analytics. These value-add features help SMBs to ensure more timely billing and payments collection and provide improved cash flow visibility.

- ***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 Customer ("VoC") insights and manage the customer experience lifecycle. These applications include: customer health scoring, customer support systems, real-time alerts, Net Promoter Score ("NPS")-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 alongside our Customer Experience Solutions to help customers holistically grow their businesses through new business generation and improved engagement and marketing throughout 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. Our solutions can be purchased and integrated with EverCommerce business management solutions, as well as sold and integrated into 3rd party solutions via the EverConnect brand and solutions suite.

Our verticals

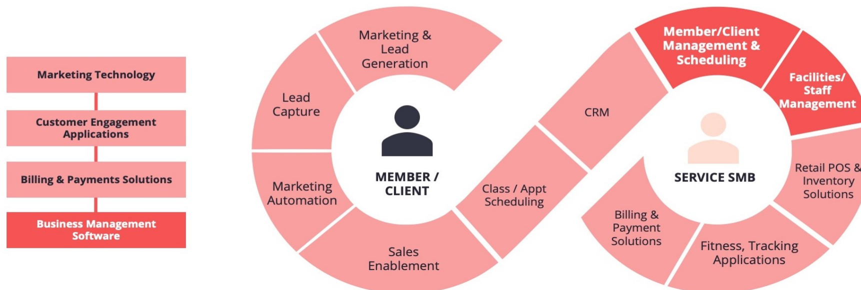
Our solutions, many of which we believe are market leaders in their industries, are deployed in verticals that are comprised of numerous micro-verticals, which through product development and new solution acquisition, offer natural growth opportunities for EverCommerce. We currently go to market with three distinct, vertically-tailored, integrated SaaS solution suites:

- ***EverPro – Home Services:*** Our EverPro solutions are purpose-built for home service professionals, with varying specialized functionality for micro-verticals. For home improvement and field service professionals, project management and field service management applications serve as their business systems of action, respectively. Professionals in this market rely significantly on driving business from residential homeowners, and thus value tailored solutions that capture and manage lead generation from those end consumers. Ranging from professionals across residential home improvement and remodeling, and field services, to security and alarm professionals across residential installation and monitoring, central stations, corporate and campus planning and government, our EverPro solutions are designed to serve the specific needs of the professionals in these home improvement and field services sub-markets.



- ***EverHealth – Health Services:*** Our EverHealth solutions are purpose-built for health service professionals. The Health Services market is rooted in a group of core solutions, including practice management and electronic health record ("EHR") / electronic medical record ("EMR") software. We offer different types and scales of solutions for micro-verticals, including small group and specialty practices, behavioral health professionals, specialty branches of hospital systems, ambulatory services, urgent care and EMT and physical, occupational and speech therapists, among others. We believe that our patient and provider engagement solutions position us well to benefit from major industry trends such as the digitalization of front-office operations and patient engagement.

- ***EverWell – Fitness & Wellness:*** Our EverWell solutions are purpose-built for Fitness & Wellness service professionals. The Fitness & Wellness market includes tech-savvy businesses which generally require integrated solutions that provide modern, convenient experiences for end consumers. Member management and consumer-facing scheduling and facility access solutions are "must-have" software capabilities for modern gyms, spas and salons. In addition, adjacent solutions in relationship management, inventory management, personal training scheduling and fitness tracking are increasingly needed to support a seamless, value-add consumer experience. Our EverWell solutions are built specifically for fitness professionals, which include gyms, studios, health clubs, specialized instructors (e.g., educational dance, gymnastics and cheer) and personal trainers and for wellness professionals, which include salons, spas and massage therapists.



We offer select solutions to customers in other services verticals, including education, non-profit, pet care and automotive repair, among many others. While these offerings are not a part of our core suites, they are managed as part of our centralized approach to strategy and operations.

Why we win

We believe that our offerings deliver tremendous value to our customers and are differentiated by the following qualities:

- ***Tailored, vertical-specific approach.*** We are exclusively focused on providing service SMBs with tailored solutions to help meet their specific needs. Our vertical and micro-vertical approach enables us to provide tailored solutions featuring critical vertical-specific functionality that better serves our customers when compared to industry-agnostic solutions offered by other businesses.
- ***Integrated solutions.*** Our business management software integrates solutions across the full range of our customers' workflows (including internal and back-office functions and customer-facing services such as integrated payments and billing and invoicing automation), simplifying their operations and providing a frictionless experience when compared to disjointed point solutions offered by other software businesses.
- ***SaaS-based solutions.*** Our scalable and flexible SaaS solutions alleviate resource needs associated with implementing and managing costly on-premise infrastructure, which simplifies the management of distributed workforces, enhances operational simplicity, and provides continuous delivery of updates and upgrades to our solutions.
- ***Mobile capabilities.*** Our SaaS, web-based and mobile solutions enable business owners, administrators and in-the-field service professionals to access schedules, customer accounts and business performance analytics, among other critical features, wherever they are. In addition, our native mobile applications provide in-depth service delivery functionality for technicians and service professionals in-the-field, even out of cellular or wireless network areas.
- ***Exceptional digital experiences.*** Our customers' use of our offerings allows them to deliver exceptional digital experiences to consumers across multiple channels, enhancing engagement, retention and loyalty. For example, our customers can use our technology to develop modern touchpoints for consumers such as online scheduling, appointment reminders, online customer portals, online and mobile payments, SMS text updates, email updates and consumer-facing mobile applications.
- ***Cost- and resource-efficient.*** SMBs are generally price-sensitive and resource-constrained, however legacy software solutions are often too expensive to adopt. Our solutions are affordable and easy to implement, and our customers benefit from our strong customer service capabilities, enabling them to optimize their use of digital solutions without significant financial or resource burden.
- ***Customer-driven innovation.*** The insight we gain into our approximately 708,000 customers' use of our offerings informs our product pipeline, allowing us to constantly refine existing solutions and deliver new solutions that are most valuable to them.

Our growth strategies

We are focused on growing and scaling our business in a rapid, yet sustainable and disciplined fashion. We intend to drive significant growth by executing the following key strategies:

- ***Attract new customers:*** We believe that there is a significant opportunity to attract new customers with our current offerings and within the market segments in which we currently operate. We estimate that there are over 35 million service SMBs in North America alone, and 456 million globally. Our current verticals and adjacent markets in the service economy are highly fragmented. By improving the awareness of our brands and solutions, we believe that we can increase penetration and sell our complete value chain of solutions to service SMB customers. Through acquisitions and organic growth of our business, the number of customers on our platform increased from approximately 110,000 at the end of 2018 to approximately 708,000 at the end of 2023.
- ***Expand ARPU and margin:*** Today, we serve approximately 708,000 customers, which represent a significant opportunity for growth. As we become more embedded in our customers' daily business operations, we are better positioned to add value by cross-selling and up-selling adjacent solutions. We believe we had an addressable annualized revenue opportunity with our existing customers of greater than $5 billion as of December 31, 2023, as our integrated vertical SaaS solutions allow us to offer customers additional capabilities across their entire customer engagement lifecycle. As we continue to develop, acquire and transform our solutions, we aim to continue adding value to our customers by displacing point-solution competitors and legacy, manual methods with our integrated digital offerings, increasing our ARPU and improving customer experience and retention. A primary focus for ARPU expansion focuses on cross-selling payments solutions to customers in an effort to prioritize margin growth.

- ***Expand into new products and verticals:*** Given our position in the service SMB ecosystem, as well as our relationships and level of entrenchment with our customers, we use insights gained through our customer lifecycle to identify additional solutions that are value-additive for our customers. These insights allow us to continually assess opportunities to develop or acquire solutions to further expand market share, drive customer stickiness and fuel growth for our business.

In conjunction with the strategies cited above, we also acquire solutions to accelerate our position as a market leader, fill gaps within our vertically tailored solutions, deepen our competitive moats in existing verticals and enter new verticals and geographies. We have an established framework for identification, execution, integration and onboarding of targets. These acquired solutions bring deep industry expertise and vertically-tailored software solutions that provide additional sources of growth. We believe that our methodology, track record and reputation for sourcing, evaluating and integrating acquisitions positions us as an "acquirer-of-choice" for potential targets. We have acquired 53 companies since our inception. We are currently tracking over 13,000 businesses around the world, primarily across our core verticals, as potential acquisition opportunities.

Our customers

We define a customer as an individual or entity that utilized or was capable of utilizing an EverCommerce solution or service for which they paid any one or combination of recurring, re-occurring or transactional fees in a given period. For solutions contracting with entities that service groups of customers, for example franchises or other multi-location businesses, the customer is counted at the level of the individual business utilizing the solution.

We serve a wide range of customers across various verticals, micro-verticals, geographies and sizes. We believe the customers that we serve are representative of the highly diverse and varied nature of the SMB service economy. Our customers provide expert services which, in turn, play a critical role in supporting the everyday lives of millions of end consumers – for their homes, their health and their well-being.

Our Verticals	Vertical Brands	Micro-vertical Examples
Home Services	**EverPro**	HVAC/plumbing, electrical professionals, remodeling and home improvement contractors, window and door replacement specialties, security and alarm installation and monitoring businesses
Health Services	**EverHealth**	Specialty private medical practices, mental health therapists, chronic care specialists, ambulatory and EMT services, specialty branches of hospital systems
Fitness & Wellness Services	**EverWell**	Chain and franchise gyms, full-service health clubs, boutique studios, personal trainers, dance and instructional schools, salons and spas, massage therapists
Other		Non-profits, veterinary care facilities, small accounting and tax firms, educational facilities, social services, pet/veterinary care, professional services, consumer services

As of December 31, 2023, we served approximately 708,000 customers. Of these customers, approximately 67% were based in the United States and approximately 33% were international.

Competition

While we have built a scaled, differentiated platform, we compete in a variety of highly fragmented markets and face competition from a variety of sources:

- Manual processes, basic PC tools, standalone payment terminals and homegrown solutions, utilized by many service SMBs;
- Vertically-specialized competitors, including mobile sales applications and field service management platforms in Home Services, EHR/EMR and practice management platforms in Health Services and facility and employee management and member management and programming platforms in Fitness & Wellness Services; and
- Horizontal competitors, including Salesforce for customer relationship management ("CRM"), Intuit for financial products, Square for payments and HubSpot for marketing related solutions.

The principal competitive factors affecting our market include:

- Breadth and depth of vertical solutions;
- Quality of products and features;
- Seamless integration and ease-of-use;

- Customer support capabilities;
- Pricing and costs;
- Product strategy and pace of innovation;
- Name recognition and brand reputation;
- Sales and marketing execution; and
- Platform security.

See Part I. Item 1A. *"Risk Factors"* for a more comprehensive description of risks related to competition.

Our product strategy

Our product strategy and management organization develops an in-depth understanding of the customer and their varied workflow needs across our target industries and focuses on strategies to deliver an integrated value chain to our customers. The product strategy and management organization partners closely with our marketing, sales and customer teams to hear market insights and VoC feedback to improve retention and wallet expansion, build stronger integrations between solutions and pursue adjacent market penetration opportunities.

Our go-to-market

Our go-to-market organization includes our centralized marketing, business development, sales and customer success functions who align to build positive customer experiences across the business. These teams drive scalable and efficient organic growth in three key areas: new customer acquisition, wallet share expansion and go-to-market of acquired or built products. Our centralized, highly-trained team members are organized into several targeted and coordinated groups to address specific service SMB market's highly varied audiences, while aligning priorities through Centers of Excellence to ensure the broader set of unified EverCommerce growth and scale objectives are met. Our teams relentlessly test and measure results to expand channels, optimize go-to-market, increase sales conversion, identify customer upsell opportunities and explore adjacent expansion verticals. Through this targeted, coordinated approach, we maximize expert resource allocation and allow for growth programs of scale with attractive customer unit economics across our business.

Our people, culture and values

We consider our people and culture to be vital to our success. We place a high level of emphasis on the relationships we have with our people, their engagement and commitment to the organization. Our fundamental belief is that when a company has a strong relationship with its employees, they in turn deliver exceptional customer service and in turn that delivers strong business performance. We have seen and believe our diverse, inclusive and innovative workforce is and will continue to be a competitive advantage. We plan to continue to make investment in our human capital a priority.

We believe in and prioritize diversity, equality and inclusivity ("DEI") in our workplace and behave in a manner where these values are the underpinnings of how we build programs, in the selection and promotion of individuals and how we support the growth and development of our people. We aggressively manage and measure our identification, selection, retention, growth and development of our current and future employees. We have a robust methodology that enables us to successfully and with a high level of engagement, integrate individuals into our organization. While we believe DEI is important to our long-term value and performance, we recognize the importance of pursuing so in legally sound manners. DEI efforts are part of our legal compliance considerations, and we are committed to only rewarding legally compliant methods for advancing such efforts. We are committed to not making employment (including hiring, promotion, and compensation) or other contracting decisions on the basis of legally protected characteristics, except to the extent required or permitted by law.

Our human-first culture has been built upon our values and they are a critical part of how we behave, lead and engage with our people. Our values reflect who EverCommerce is and serve as our guiding force on how we plan to achieve our organizational objectives.

In addition to providing continuous learning, autonomy and engaging work, we provide a series of competitive benefits, including health insurance for employees and dependents, a 401k match, paid parental leave and flexible time off. We allot over 15,000 hours per year for our employees to volunteer for causes that are important to them. Within the tight-knit culture we have built and sustained, we celebrate our people and their successes with company events, team building activities and other important benefits. We invest in continuous growth and development with training and education and we provide career opportunities for people to continue to stretch their strengths and capabilities. None of our employees are represented by labor unions or covered by collective bargaining agreements.

As of December 31, 2023, we had approximately 2,100 employees operating across six countries, including approximately 1,600 employees located in the United States.

Our technology

Our SaaS solutions are strategically integrated to best serve our service SMB customers and ensure they have all the tools to help them grow and scale. We leverage a common set of best practices, IT infrastructure and architectures that serve as a foundation for highly scalable and secure software solutions.

Key areas and features of our centralized strategy and operations that serve as a foundation to our technology approach include:

- ***Software development:*** Our software teams use best-in-class technologies and practices to develop our SaaS, mobile and (in selected situations) on-premise solutions. Our software is purpose-built to meet the specific needs of the industries we serve.
- ***Tech and IT shared services:*** Our shared services across its technology platforms provides a centralized and consistent approach to software development, as well as cloud engineering and data center migration. Our centralized IT administration allows for 24-hour support for all our people and platforms worldwide.
- ***Shared infrastructure:*** We systematically upgrade our data centers, centralize our collaboration platforms onto Office 365 and deploy a variety of standardized third-party software products sourced through EverCommerce. Migration of more than half of our technology solutions to AWS has allowed for gains in productivity, cost efficiency, expanded capacity and faster innovation.
- ***Cybersecurity:*** Our Security Operations team uses industry best practices and functional expertise to perform regular risk assessments, audits and remediation across our IT infrastructure and the data we maintain therein. Our centralized security efforts also include incident prevention, incident response, monitoring, scanning and alerting.
- ***Offshore development team:*** Our software is primarily developed internally; however, we also use independent firms and contractors in the United States and internationally to perform some of our product development activities.

Data privacy and security

Regulators around the world have adopted or proposed laws, regulations, standards and requirements regarding the collection, use, transfer, security, storage, destruction and other processing of personal data. These laws are increasing in number and complexity, resulting in higher risk of enforcement, fines and other penalties. Our privacy and legal teams are committed to processing and fulfilling any requests regarding the exercise of an individual’s privacy rights with respect to personal information.

In the United States, numerous federal and state laws and regulations, including data breach notification laws and consumer protection laws govern the collection, use, disclosure, and protection of personal information. Our consumer transactions business is now, or may in the future be, subject to certain financial services laws, regulations and rules, such as the Payment Card Industry Data Security Standards, the Gramm-Leach-Bliley Act and the National Automated Clearing House Association ACH Rules, and our healthcare services businesses are subject to certain healthcare security and privacy laws, such as the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, and regulations promulgated thereunder (collectively, “HIPAA”) in the United States. Certain foreign laws also govern the privacy and security of personal data. For example, we may be subject to the Personal Information Protection and Electronic Documents Act (“PIPEDA”) and Personal Health Information Protection Act (“PHIPA”) in Canada. Privacy and security laws, regulations, and other obligations are constantly evolving, may conflict with each other to complicate compliance efforts, and can result in investigations, proceedings, or actions that lead to significant civil and/or criminal penalties and restrictions on data processing.

Healthcare regulatory matters

Our business operates in the healthcare space, and as such is affected by changes in healthcare laws, regulations and industry standards. The healthcare industry is highly regulated and subject to frequently changing political, legislative, regulatory and other influences. We are subject, either directly or through our customers, to a number of federal, state and local healthcare laws and regulations that involve matters central to our Health Services business. Failure to satisfy those legal and regulatory requirements, or the adoption of new laws or regulations that impact our business or our customers, could have a significant negative impact on our results of operations, financial condition or liquidity. For additional information regarding potential risks relating to compliance with healthcare laws and regulations, see Part I, Item 1A, *“Risk Factors – The healthcare industry is heavily regulated at the local, state and federal levels. Our failure to comply with regulatory requirements could create liability for us or our customers, result in adverse publicity and negatively affect our business.”*

In addition to the potential for evolving laws and regulations, the application and interpretation of these laws and regulations are often uncertain. These laws are enforced by federal, state and local regulatory agencies in the jurisdictions where we operate, and in some

instances also through private civil litigation. Violation of any of such laws or any other governmental regulations that apply may result in penalties, including, without limitation, significant administrative, civil and criminal penalties, damages, fines, disgorgement, additional reporting and/or compliance obligations to settle allegations of non-compliance, contractual damages, the curtailment or restructuring of operations, exclusion from participation in governmental healthcare programs and imprisonment.

Intellectual property

Protecting our intellectual property and proprietary technology is an important aspect of our business and continued growth. We rely on a combination of trademark, copyright, patent, trade secret and other intellectual property laws in the United States and other jurisdictions, as well as written agreements and other contractual provisions, to protect our proprietary technology, processes and other intellectual property.

As of December 31, 2023, we had 149 registered trademarks in the United States (including EverCommerce), three registered trademarks in the EU (for the EverCommerce logo), two registered trademarks in Puerto Rico, one registered trademark in Canada, 15 registered trademarks in New Zealand, six registered trademarks in Australia and seven registered trademarks in the United Kingdom; six trademark applications in process in the United States and six trademark applications in process in Canada; 37 registered copyrights in the United States and one registered copyright in Canada; and seven issued patents in the United States. We also have a portfolio of approximately 3,200 registered domain names for websites that we use in our business or that are registered defensively to protect our brands.

In addition, we generally enter into confidentiality agreements and assignment of invention agreements with employees and contractors throughout our business, including those involved in the development of our proprietary intellectual property. We also enter into confidentiality agreements with our customers, partners and third parties who have access to our confidential information.

While much of the intellectual property we use is owned by us, we have obtained rights to use intellectual property of third parties through licenses and service agreements with those third parties. Although we believe these licenses are sufficient for the operation of our business, these licenses typically limit our use of the third parties' intellectual property to specific uses and for specific time periods.

We intend to pursue additional intellectual property protection to the extent we believe it would be beneficial and cost-effective. See *"Risk Factors—Risks Related to Intellectual Property—We may be unable to adequately protect or enforce, and we may incur significant costs in enforcing or defending, our intellectual property and other proprietary rights."*

Corporate Information

We were initially formed under the laws of the state of Delaware in September 2016 under the name PaySimple Holdings, Inc., with "EverCommerce" being our "doing business as" name. In December 2020, we changed our name to EverCommerce Inc. Our website address is www.evercommerce.com. We file or furnish electronically with the Securities and Exchange Commission ("SEC") our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and other information, as well as amendments to those reports. These and other SEC filings are available to the public over the Internet at the SEC's website at http://www.sec.gov. We make available on our website at www.evercommerce.com, under "Investor Relations," free of charge, copies of these reports as soon as reasonably practicable after filing or furnishing these reports with the SEC. The information contained on our website is not incorporated by reference into this Annual Report on Form 10-K.

Item 1A. Risk Factors

Our business involves significant risks, some of which are described below. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K. The risks and uncertainties described below are not the only ones we face. Additional risk and uncertainties that we are unaware of or that we deem immaterial may also become important factors that adversely affect our business. The realization of any of these risks and uncertainties could have a material adverse effect on our reputation, business, financial condition, results of operations, growth and future prospects as well as our ability to accomplish our strategic objectives. In that event, the market price of our common stock could decline and you could lose part or all of your investment.

Risks Related to Our Business

Our limited operating history and our evolving business make it difficult to evaluate our future prospects and the risks and challenges we may encounter.

Our limited operating history and evolving business make it difficult to evaluate and assess the success of our business to date, our future prospects and the risks and challenges that we may encounter. These risks and challenges include our ability to:

- attract new and digitally-inclined service SMBs to the EverCommerce platform;

- retain existing customers and leverage cross-sell and upsell opportunities;
- successfully update the EverCommerce platform, including expanding into new verticals and international markets and integrating additional solution capabilities to further benefit our service SMB customers and enhance the end-customer experience;
- expand through future acquisitions and successfully identify and integrate acquired entities, services and technologies;
- hire, integrate and retain talented people at all levels of our organization;
- comply with existing and new laws and regulations applicable to our business and in the industries in which we participate;
- anticipate and respond to macroeconomic changes, changes within the existing and future industries in which we participate, including the Home Services, Health Services and Fitness & Wellness industries, and changes in the markets in which we operate;
- foresee and manage market volatility impacts on market value;
- react to challenges from existing and new competitors;
- improve and enhance the value of our reputation and brand;
- effectively manage our growth; and
- maintain and improve the infrastructure underlying the EverCommerce platform, including our software, websites, mobile applications and data centers, as well as our cybersecurity and data protection measures.

If we fail to address the risks and difficulties that we face, including those associated with the challenges listed above and those described elsewhere in this "Risk Factors" section, our business, financial condition and results of operations could be adversely affected. Further, because we have limited historical financial data and our business continues to evolve and expand within the industries in which we operate, any predictions about our future revenue and expenses may not be as accurate as they would be if we had a longer operating history, operated a more predictable business or operated in a single or unregulated industry. We have encountered in the past, and will encounter in the future, risks and uncertainties frequently experienced by growing companies with limited operating histories and evolving businesses that operate in regulated and competitive industries. If our assumptions regarding these risks and uncertainties, which we use to plan and operate our business, are incorrect or change, or if we do not address these risks successfully, our results of operations could differ materially from our expectations and our business, financial condition and results of operations would be adversely affected.

Our recent growth rates may not be sustainable or indicative of future growth.

Since our founding, we have generated significant revenue growth through acquisitions and by driving organic growth of our business. Our revenue has grown at a CAGR of 26.0% from 2020 to 2023, and reached $675.4 million for the year ended December 31, 2023, up from $620.7 million for the year ended December 31, 2022, which represents revenue growth of 8.8% from 2022 to 2023. Our historical rate of growth may not be sustainable or indicative of our future rate of growth. For example, while acquisitions have significantly contributed to our growth to date, we may make fewer or no acquisitions in the future. We believe that our continued growth in revenue, as well as our ability to improve or maintain margins and profitability, will depend upon, among other factors, our ability to address the challenges, risks and difficulties described elsewhere in this "Risk Factors" section and the extent to which our various offerings grow and contribute to our results of operations. We cannot provide assurance that we will be able to successfully manage any such challenges or risks to our future growth. In addition, our base of customers may not continue to grow or may decline due to a variety of possible risks, including changes in macroeconomic conditions, increased competition, changes in the regulatory landscape and the maturation of our business. Any of these factors could cause our revenue growth to decline and may adversely affect our margins and profitability. Failure to continue our revenue growth or improve margins would have a material adverse effect on our business, financial condition and results of operations. You should not rely on our historical rate of revenue growth as an indication of our future performance.

To manage our current and anticipated future growth effectively, we must continue to maintain and enhance our technology infrastructure, financial and accounting systems and controls. We must also attract, train and retain a significant number of qualified sales and marketing personnel, client support personnel, professional services personnel, software engineers, technical personnel and management personnel, and the availability of such personnel, in particular software engineers, may be constrained.

A key element of how we manage our growth is our ability to scale our capabilities and satisfactorily implement our solutions for our customers' needs. Failure to effectively manage our growth could also lead us to over-invest or under-invest in development and operations, result in weaknesses in our infrastructure, systems or controls, give rise to operational mistakes, financial losses, loss of productivity or business opportunities and result in loss of employees and reduced productivity of remaining employees.

We have experienced net losses in the past and we may not achieve profitability in the future.

We have incurred significant operating losses since our inception. Our net loss was $45.6 million and $59.8 million for the years ended December 31, 2023 and 2022, respectively. Our operating expenses may increase substantially in the foreseeable future as we continue to invest to grow our business and build relationships with or clients and partners, develop new solutions and comply with requirements of being a public company. These efforts may prove to be more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently to offset these higher expenses. If we are unable to effectively manage the risks and difficulties of investing to grow our business, building relationships and developing new solutions as we encounter them, our business, financial condition and results of operations may suffer.

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.

Historically, we have experienced fluctuations in period to period operating results, with stronger results and higher revenue in the second and third quarters of the year, and our quarterly and annual operating results may continue to fluctuate significantly due to a variety of factors, many of which are outside of our control. As a result, comparing our operating results on a period-to-period basis may not be meaningful. Our past results may not be a predictor of our future performance.

Factors that may affect our operating results and the ability to predict our future results and trajectory include:

- our ability to increase sales to existing customers and to renew agreements with our existing customers at comparable prices;
- our ability to attract new customers with greater needs for our services;
- changes in our pricing policies or those of our competitors, or pricing pressure on our software and related services;
- periodic fluctuations in demand for our software and services and volatility in the sales of our solutions and services;
- the success or failure of our acquisition or divestiture strategy;
- our ability to timely develop and implement new solutions and services, as well as improve and enhance existing solutions and services, in a manner that meets customer requirements;
- our ability to hire, train and retain key personnel;
- any significant changes in the competitive dynamics of our market, including new entrants or substantial discounting of products or services;
- our ability to control costs, including our operating expenses;
- any significant change in our facilities-related costs;
- the timing of hiring personnel and of large expenses such as those for third-party professional services;
- technological developments, including new uses for generative AI;
- general economic conditions;
- our ability to appropriately resolve any disputes relating to our intellectual property; and
- the impact of a recession, pandemic or any other adverse global economic conditions on our business.

We have in the past experienced, and we may experience in the future, significant variations in our level of sales. Such variations in our sales have led and may lead to significant fluctuations in our cash flows, revenue and deferred revenue on a quarterly and annual basis. Failure to achieve our quarterly goals will decrease our value and, accordingly, the value of our securities.

In order to support the growth of our business and our acquisition strategy, we may need to incur additional indebtedness or seek capital through new equity or debt financings, which sources of additional capital may not be available to us on acceptable terms or at all and may result in substantial dilution to our stockholders.

Our operations have consumed substantial amounts of cash since inception and we intend to continue to make significant investments to support our business growth, acquire complementary businesses and technologies, respond to business challenges or opportunities, develop new solutions and services and enhance our existing solutions and services and operating infrastructure. Our net cash provided by operating activities was $104.6 million in 2023 and $64.8 million in 2022. We had cash and cash equivalents of $92.6 million and restricted cash of $3.6 million as of December 31, 2023.

Our future capital requirements may be significantly different from our current estimates and will depend on many factors, including the need to:

- finance unanticipated working capital requirements;
- acquire complementary businesses, technologies, solutions or services;

- develop or enhance our technological infrastructure and our existing solutions and services;
- fund strategic relationships, including joint ventures and co-investments;
- respond to competitive pressures; and
- manage costs associated with any adverse market conditions or other macroeconomic factors.

Accordingly, we may need to engage in equity or debt financings or collaborative arrangements to secure additional funds. Additional financing may not be available on terms favorable to us, or at all. If we raise additional funds through further issuances of equity or convertible securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our ordinary shares. Any debt financing secured by us in the future could involve additional restrictive covenants relating to our capital-raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. In addition, during times of economic instability, it has been difficult for many companies to obtain financing in the public markets or to obtain debt financing, and we may not be able to obtain additional financing on commercially reasonable terms, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us, it could have a material adverse effect on our business, financial condition and results of operations. Further, the Company maintains the majority of its cash and cash equivalents in accounts with major U.S. and multi-national financial institutions, and our deposits at certain of these institutions exceed insured limits. Market conditions can impact the viability of these institutions. In the event of failure of any of the financial institutions where we maintain our cash and cash equivalents, there can be no assurance that we will be able to access uninsured funds in a timely manner or at all.

We may not be able to continue to expand our share of our existing vertical markets or expand into new vertical markets, which would inhibit our ability to grow and increase our profitability.

Our future growth and profitability depend, in part, upon our continued expansion within the vertical markets in which we currently operate, the emergence of other vertical markets for our solutions and our ability to penetrate new vertical markets. As part of our strategy to expand into new vertical markets, we look for acquisition opportunities and partnerships that will allow us to increase our market penetration, technological capabilities, offering of solutions and distribution capabilities. We may not be able to successfully identify suitable acquisition or partnership candidates in the future, and if we do, they may not provide us with the benefits we anticipated.

Our expansion into new vertical markets also depends upon our ability to adapt our existing technology or to develop new technologies to meet the particular needs of each new vertical market. We may not have adequate financial or technological resources to develop effective and secure services or distribution channels that will satisfy the demands of these new vertical markets. Penetrating these new vertical markets may also prove to be more challenging or costly or take longer than we may anticipate. Further, as positive references from existing customers are vital to expanding into new vertical and geographic markets within the service economy, any dissatisfaction on the part of existing customers may harm our brand and reputation and inhibit market acceptance of our services. If we fail to expand into new vertical markets and increase our penetration into existing vertical markets, we may not be able to continue to grow our revenues and earnings.

We face intense competition in each of the industries in which we operate, which could negatively impact our business, results of operations and financial condition and cause our market share to decline.

The market for our solutions and services is highly competitive and subject to rapidly changing technology, shifting customer needs and frequent introductions of new products and services. As our platform is utilized across industries, we compete in a variety of highly fragmented markets and face competition from a variety of sources, including manual processes, basic PC tools, homegrown solutions, as well as from vertically-specialized and horizontal competitors. Vertically-specialized competitors include mobile sales applications and field service management platforms in Home Services, EHR / EMR and practice management platforms in Health Services and facility and employee management and member management and programming platforms in Fitness & Wellness Services. Horizontal competitors include Salesforce for CRM, Intuit for financial products, Square for payments and HubSpot for marketing related solutions.

We expect the intensity of competition to increase in the future as new companies enter our markets and existing competitors develop stronger capabilities. Our competitors may be able to devote greater resources to the development, promotion and sale of their offerings than we can to ours, which could allow them to respond more quickly than we can to new technologies and changes in customer needs and achieve wider market acceptance. Because the barriers to entry into our industry are generally low, we expect to continue to face competition from new entrants. We also encounter competition from a broad range of firms which possess greater resources than we do, and small independent firms that compete primarily on the basis of price. We may not compete effectively and competitive pressures might prevent us from acquiring and maintaining the customer base necessary for us to be successful.

We may also potentially face competition from our current partners. Our partners, including our integration partners for our EHR and PM solutions within Health Services, our Business Management Software solutions within Home Services and our payment and CRM solutions within Fitness & Wellness Services, as well as our third-party payment processing partners, could become our competitors by offering similar services. Some of our partners offer, or may begin to offer, services in the same or similar manner as we do. Although there are many potential opportunities for, and applications of, these services, our partners may seek opportunities or target new clients in areas that may overlap with those that we have chosen to pursue.

We may face competition from companies that we do not yet know about. If existing or new companies develop or market products or services that are similar to ours, develop entirely new solutions, acquire one of our existing competitors or form a strategic alliance with one of our competitors or other industry participants, our ability to compete effectively could be significantly impacted, which would have a material adverse effect on our business, results of operations and financial condition.

The industries in which we operate are rapidly evolving and the market for technology-enabled services that empower SMBs is relatively immature and unproven. If we are not successful in promoting the benefits of or maintaining the competitiveness of our solutions and services, our growth may be limited.

Our three current verticals represent markets for our solutions and services that are subject to rapid and significant change. The market for software and technology-enabled services that empower SMBs is characterized by rapid technological change, new product and service introductions, consumerism and engagement and the entrance of non-traditional competitors. In addition, there may be a limited-time opportunity to achieve and maintain a significant share of these markets due in part to the rapidly evolving nature of the businesses within our Home Services, Health Services and Fitness & Wellness Services verticals, the technology industries that support these businesses and the substantial resources available to our existing and potential competitors. The market for technology-enabled services within these verticals is relatively new and unproven, and it is uncertain whether this market will achieve and sustain high levels of demand and market adoption.

In order to remain competitive, we are continually involved in a number of projects to compete with these new market entrants by developing new services, growing our client base and penetrating new markets. Some of these projects include the expansion of our integration capabilities around our vertical markets, such as field service management, EHR, PM and other solutions. These projects carry risks, such as cost overruns, delays in delivery, performance problems and lack of acceptance by our clients, which could adversely impact our business, results of operations and financial condition.

Moreover, our ability to grow organically may be limited by, among other things, extensive saturation in the verticals in which we operate or a change or reduction in demand from SMBs due to changing economic conditions, strategic priorities, or otherwise. For many of our businesses, organic growth depends on product innovation, new product development, and timely responses to changing SMB demands and preferences. Consequently, failure to develop new or improved products in response to changing SMB preferences in a timely manner may hinder our growth potential, affect our competitive position, and adversely affect our business and results of operations.

Consolidation in the industries in which we operate could decrease demand for our solutions and services by existing and potential clients in such industries.

Participants and businesses in the industries in which we operate may consolidate and merge to create larger or more integrated entities with greater market power. We expect regulatory, economic and other conditions to result in additional consolidation in the future. As consolidation accelerates, the economies of scale of our clients’ organizations may grow. If a client experiences sizable growth following consolidation, it may determine that it no longer needs to rely on us and may reduce its demand for our solutions and services. In addition, if an existing independent client elects to become a part of a franchise group, or if an existing franchise client opts to change to a different franchise group, such clients may be required by the terms of their respective franchise group to use different solutions and services, which would have an adverse impact on our operations and demand for our solutions. Furthermore, as companies consolidate to create larger and more integrated entities with greater market power, these new entities may try to use their market power to negotiate fee reductions for our solutions and services. Finally, consolidation may also result in the acquisition or future development by our customers of products and services that compete with our solutions and services. Any of these potential results of consolidation could have a material adverse effect on our business, financial condition and results of operations.

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.

We have entered into agreements with certain payment processors, including Worldpay and PayPal, in order to enable our clients’ processing of credit, debit and prepaid card transactions through the card networks, such as Visa and MasterCard. Pursuant to these agreements with payment processors, we are registered with the card networks as an independent sales organization (“ISO”) of our

sponsor bank(s) or as a payment facilitator(s), and are subject to the requirements of our bank sponsors, payment processors, as well as the card network rules and certain other obligations. The payment networks routinely update and modify requirements applicable to merchant acquirers (i.e., sponsor banks) which are passed through to third parties such as ISOs or payment facilitators like us, including rules regarding data integrity, third-party relationships (such as those with respect to bank sponsors and ISOs), merchant chargeback standards and the Payment Card Industry Data Security Standards ("PCI DSS").

If we fail to comply with the applicable rules and requirements of the payment card networks, bank sponsors or payment processors, they could suspend or terminate our registration (with the payment networks) and/or terminate our ISO and/or payment facilitator agreements, which would make it impossible for us to conduct our business on its current scale. Further, our transaction processing abilities, including with respect to settlement processes, could be delayed or otherwise disrupted. As required by the PCI DSS (and the payment network rules), we may be required to submit to periodic third-party audits, self-assessments or other assurances of our compliance with the PCI DSS. Such reviews and audits may reveal that we have failed to comply with the PCI DSS (which could subject us to fines and penalties by the payment card networks). In addition, even if we comply with the PCI DSS, there is no assurance that we will be protected from a security breach. Our contracts with payment processors, including Worldpay and PayPal, include standard confidentiality, indemnification and data protection obligations, among others. Our contracts with Worldpay and PayPal provide for certain termination events, such as material breach, and are subject to automatic annual renewal unless terminated by either party upon prior notice or for cause. The termination of our registration with the payment networks or our agreements with the payment processors, or any changes in payment network, payment processor or issuer rules that limit our ability to provide merchant services, could have an adverse effect on our payment processing volumes, revenues and operating costs. If we are unable to comply with the requirements applicable to our obligations under the payment networks rules or payment processor agreements, the payment networks or payment processors may no longer allow us to provide these services, which would require us to spend additional resources to obtain settlement services from a third-party provider. In addition, if we were precluded from allowing our clients to process Visa and MasterCard transactions, which we access through our payment processor arrangements, we would lose substantially all of our revenue.

We are also subject to the operating rules of the National Automated Clearing House Association ("NACHA"), a self-regulatory organization which administers and facilitates private-sector operating rules for ACH payments and defines the roles and responsibilities of financial institutions and other ACH network participants. The NACHA Rules and Operating Guidelines impose obligations on us and our partner financial institutions. These obligations include audit and oversight by the financial institutions and the imposition of mandatory corrective action, including termination, for serious violations. If an audit or self-assessment under NACHA identifies any deficiencies that we need to remediate, the remediation efforts may distract our management team and be expensive and time consuming.

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.

Payment-related transactions comprised approximately 17% of our revenue in 2023. The electronic payments market is subject to constant and significant changes. This market is characterized by rapid technological evolution, new product and service introductions, evolving industry standards, changing client needs and the entrance of non-traditional competitors, including products and services that enable card networks and banks to transact with consumers directly. To remain competitive, we continually pursue initiatives to develop new solutions and services to compete with these new market entrants. These projects carry risks, such as cost overruns, delays in delivery, performance problems and lack of client acceptance. In addition, new solutions and offerings may not perform as intended or generate the business or revenue growth expected. Any delay in the delivery of new solutions and services or the failure to differentiate our solutions and services or to accurately predict and address market demand could render our solutions and services less desirable, or even obsolete, to our clients and to our distribution partners. Furthermore, even though the market for integrated payment processing solutions and services is evolving, it may develop too rapidly or not rapidly enough for us to recover the costs we have incurred in developing new solutions and services targeted at this market. Any of the foregoing could have a material and adverse effect on our operating results and financial condition.

The continued growth and development of our payment processing activities will depend on our ability to anticipate and adapt to changes in consumer behavior. For example, consumer behavior may change regarding the use of payment card transactions, including the relative increased use of crypto-currencies, other emerging or alternative payment methods and payment card systems that we or our processing partners do not adequately support or that do not provide adequate revenue to parties like us. Any failure to timely integrate emerging payment methods into our software, to anticipate consumer behavior changes or to contract with processing partners that support such emerging payment technologies could cause us to lose traction among our customers or referral sources, resulting in a corresponding loss of revenue, if those methods become popular among end-users of their services.

The solutions and services we deliver are designed to process complex transactions and provide reports and other information on those transactions, all at very high volumes and processing speeds. Our technology offerings must also integrate with a variety of network, hardware, mobile and software platforms and technologies, and we need to continuously modify and enhance our solutions and services to adapt to changes and innovation in these technologies. Any failure to deliver an effective, reliable and secure service or any performance issue that arises with a new solution or service could result in significant processing or reporting errors or other losses. If we do not deliver a promised new solution or service to our clients or distribution partners in a timely manner or the solution or service does not perform as anticipated, our development efforts could result in increased costs and a loss in business that could reduce our earnings and cause a loss of revenue. We also rely in part on third parties, including some of our competitors and potential competitors, for the development of and access to new technologies, including software and hardware. Our future success will depend in part on our ability to develop or adapt to technological changes and evolving industry standards. If we are unable to develop, adapt to or access technological changes or evolving industry standards on a timely and cost-effective basis, our business, financial condition and results of operations would be materially adversely affected.

Real or perceived errors, failures or bugs in our solutions could adversely affect our business, results of operations, financial condition and growth prospects.

Our customers expect a consistent level of quality in the provision of our solutions and services. The support services that we provide are also a key element of the value proposition to our customers. However, complex technological solutions such as ours often contain errors or defects, particularly when first introduced or when new versions or enhancements are released. Errors will affect the implementation, as well as the performance, of our solutions and software and could delay the development or release of new solutions or new versions of solutions, adversely affect our reputation and our customers' willingness to buy solutions from us, and adversely affect market acceptance or perception of our solutions. We may also experience technical or other difficulties in the integration of acquired technologies and software solutions into our existing platforms and applications. Any such errors or delays in introducing or implementing new or enhanced solutions or allegations of unsatisfactory performance could cause us to lose revenue or market share, increase our service costs, cause us to incur substantial costs, cause us to lose significant customers, negatively affect our ability to attract new clients, subject us to liability for damages and divert our resources from other tasks, any one of which could materially and adversely affect our business, results of operations and financial condition.

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.

We are responsible both for our own business and to a significant degree for acts and omissions by certain of our distribution partners and third-party vendors under the rules and regulations established by the payment networks, such as Visa, MasterCard, Discover and American Express and the debit networks. We and other third parties collect, process, store and transmit sensitive data, such as names, addresses, social security numbers, credit or debit card numbers and expiration dates or other payment card information, drivers' license numbers and bank account numbers, and we have ultimate liability to the payment networks and member financial institutions that register us with the payment networks for our failure, or the failure of certain distribution partners and third parties with whom we contract, to protect this data in accordance with payment network requirements. Certain of our software and technology-enabled services are intended for use in collecting, storing and displaying clinical and health care-related information used in the diagnosis and treatment of patients and in related health care settings such as registration, scheduling and billing. We attempt to limit by contract our liability, however, the limitations of liability set forth in the contracts may not be enforceable or otherwise protect us from liability, and we may also be subject to claims that are not covered by contract. Although we maintain liability insurance coverage, there can be no assurance that such coverage will cover any claim, prove to be adequate or continue to remain available on acceptable terms, if at all. The loss, destruction or unauthorized modification of client or cardholder data could result in significant fines, sanctions and proceedings or actions against us by the payment networks, payment processors, sponsor banks, governmental bodies, our customers, our clients' customers or others, which could have a material adverse effect on our business, financial condition and results of operations. Any such sanction, fine, proceeding or action could result in significant damage to our reputation or the reputation of our customers, negatively impact our ability to attract or retain customers, force us to incur significant expenses in defense of these proceedings, disrupt our operations, distract our management, increase our costs of doing business and may result in the imposition of monetary liability. A significant cybersecurity breach could also result in payment networks prohibiting us from processing transactions on their networks or the loss of our financial institution sponsorship that facilitates our participation in the payment networks, either of which could materially impede our ability to conduct business.

In addition, our products and services have been and may in the future be targets of cyber-attacks that attempt to sabotage or otherwise disable them, and the defensive and preventative measures we take ultimately may not be able to effectively detect, prevent, or protect against or otherwise mitigate losses from all cyber-attacks. Threats can come from a variety of sources, including criminal hackers, hacktivists, state-sponsored intrusions, industrial espionage and insider threats. Certain efforts may be supported by significant financial and technological resources, making them even more sophisticated and difficult to detect. Numerous and evolving

cybersecurity threats, including advanced and persisting cyber-attacks, cyber-extortion, ransomware attacks, spear phishing and social engineering schemes, the introduction of computer viruses or other malware and the physical destruction of all or portions of our information technology and infrastructure could compromise the confidentiality, availability and integrity of the data in our systems. Despite our efforts to create security barriers against such threats, it is virtually impossible for us to eliminate these risks entirely. Any such breach could compromise our networks or the products we offer our customers, creating system disruptions or slowdowns and exploiting security vulnerabilities of our products. Additionally, the information stored on our networks could be accessed, publicly disclosed, lost or stolen, any of which could subject us to liability and cause us financial harm. These breaches, or any perceived breach, may also result in reporting obligations, damage to our reputation, negative publicity, loss of key partners, customers and transactions, increased remedial costs, or costly litigation, and may therefore adversely impact market acceptance of our products and services and may seriously affect our business, financial condition or results of operations.

An increasing number of organizations, including large merchants, businesses, technology companies and financial institutions, as well as government institutions, have disclosed breaches of their information security systems, some of which have involved sophisticated and highly targeted attacks on their websites, mobile applications and infrastructure. The techniques used to obtain unauthorized, improper, or illegal access to systems and information (including customers' personal data), disable or degrade service, or sabotage systems are constantly evolving and have become increasingly complex and sophisticated, may be difficult to detect quickly, and often are not recognized or detected until after they have been launched against a target. Even if identified, we may be unable to adequately investigate or remediate incidents or breaches due to attackers increasingly using tools and techniques that are designed to circumvent controls, avoid detection, and remove or obfuscate forensic evidence.

We have been and could in the future be subject to breaches of security by hackers or other malicious actors. Although we proactively employ multiple measures to defend our systems against intrusions and attacks and to protect the data we collect, our measures may not prevent unauthorized access or use of sensitive data. We experience cyber-attacks and other security incidents of varying degrees from time to time, though none which individually or in the aggregate has led to costs or consequences which have materially impacted our operations or business. We may be required to expend significant additional resources in our efforts to modify or enhance our protective measures against evolving threats. A breach of our system or a third-party system upon which we rely may subject us to material losses or liability, including payment network fines, assessments and claims for unauthorized purchases with misappropriated credit, debit or card information, impersonation or other similar fraud claims. A misuse of such data or a cybersecurity breach could harm our reputation and deter our clients and potential clients from using electronic payments generally and our solutions and services specifically, thus reducing our revenue. In addition, any such misuse or breach could cause us to incur costs to correct the breaches or failures, expose us to uninsured liability, increase our risk of regulatory scrutiny, subject us to lawsuits and result in the imposition of material penalties and fines under state and federal laws or by the payment networks. While we maintain insurance coverage that may, subject to policy terms and conditions, cover certain aspects of cyber risks, such insurance coverage may be insufficient to cover all losses.

Although we generally require that our agreements with our distribution partners and service providers who have access to client and customer data include confidentiality obligations that restrict these parties from using or disclosing any client or customer data except as necessary to perform their services under the applicable agreements, there can be no assurance that these contractual measures will prevent the unauthorized disclosure of business or client data, nor can we be sure that such third parties would be willing or able to satisfy liabilities arising from their breach of these agreements. Any failure by such third parties to adequately take these protective measures could result in protracted or costly litigation.

In addition, our agreements with our bank sponsors (as well as payment network requirements) require us to take certain protective measures to ensure the confidentiality of business and consumer data. Any failure to adequately comply with these protective measures could result in fees, penalties, litigation or termination of our bank sponsor agreements, and/or registration with the payment card networks.

Our existing general liability and cyber liability insurance policies may not cover, or may cover only a portion of, any potential claims related to security breaches to which we are exposed or may not be adequate to indemnify us for all or any portion of liabilities that may be imposed. We also cannot be certain that our existing insurance coverage will continue to be available on acceptable terms or in amounts sufficient to cover the potentially significant losses that may result from a security incident or breach or that the insurer will not deny coverage of any future claim. Accordingly, if our cybersecurity measures and those of our service providers, fail to protect against unauthorized access, attacks (which may include sophisticated cyber-attacks) and the mishandling of data by our employees and contractors, then our reputation, business, results of operations and financial condition could be adversely affected. In addition, there can be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or effective in protecting our systems and information.

Our estimated total addressable market is subject to inherent challenges and uncertainties. If we have overestimated the size of our total addressable market or the various markets in which we operate, our future growth opportunities may be limited.

We estimate the TAM, defined above, for our current solutions for service SMBs was approximately $1.6 trillion globally in 2023, of which approximately $662 billion was in North America, which refers to the United States and Canada. Of the $662 billion, we estimate a $69 billion opportunity in Home Services, a $115 billion opportunity in Health Services, a $26 billion opportunity in Fitness & Wellness Services and a $452 billion opportunity in other services categories. We have based our estimates on a number of internal and third-party estimates and resources, including, without limitation, third party reports and the experience of our management team across these industries. While we believe our assumptions and the data underlying our estimates are reasonable, these assumptions and estimates may not be correct and the conditions supporting our assumptions or estimates may change at any time, thereby reducing the predictive accuracy of these underlying factors. As a result, our estimates of the annual total addressable market for our current solutions and services may prove to be incorrect. If third-party or internally generated data prove to be inaccurate or we make errors in our assumptions based on that data, the annual total addressable market for our solutions and services may be smaller than we have estimated, our future growth opportunities and sales growth may be impaired, any of which could have a material adverse effect on our business, financial condition and results of operations.

We calculate certain operational metrics using internal systems and tools and do not independently verify such metrics. Certain metrics are subject to inherent challenges in measurement, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business.

We refer to a number of operational metrics in our public disclosures, including Pro Forma Revenue Growth Rate, Adjusted Gross Profit, Adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"), monthly net pro forma revenue retention rate, lifetime value of a customer, customer acquisition costs and other metrics. We calculate these metrics using internal systems and tools that are not independently verified by any third party. These metrics may differ from estimates or similar metrics published by third parties or other companies due to differences in sources, methodologies or the assumptions on which we rely. Our internal systems and tools have a number of limitations, and our methodologies for tracking these metrics may change over time, which could result in unexpected changes to our metrics, including the metrics we publicly disclose on an ongoing basis. If the internal systems and tools we use to track these metrics under count or over count performance or contain algorithmic or other technical errors, the data we present may not be accurate. While these numbers are based on what we believe to be reasonable estimates of our metrics for the applicable period of measurement, there are inherent challenges in measuring savings, the use of our solutions, services and offerings and other metrics. In addition, limitations or errors with respect to how we measure data or with respect to the data that we measure may affect our understanding of certain details of our business, which would affect our long-term strategies. If our operating metrics or our estimates are not accurate representations of our business, or if investors do not perceive our operating metrics to be accurate, or if we discover material inaccuracies with respect to these figures, our reputation may be significantly harmed, and our operating and financial results could be adversely affected.

Failure to effectively develop and expand our sales and marketing capabilities could harm our ability to increase our customer base and achieve broader market acceptance and utilization of our solutions.

Our ability to increase our customer base and achieve broader market acceptance of our solutions and services will depend to a significant extent on our ability to expand our sales and marketing organizations, and to deploy our sales and marketing resources efficiently. An important component of our growth strategy is to increase the cross-selling of our solutions and services to current and future SMB customers. However, if we are not successful in doing so, or our existing and potential customers find our additional solutions and services to be unnecessary or unattractive, we may not be able to increase our customer base. We have invested, and plan to continue to invest, significant resources in expanding our sales initiatives as well as our sales force focused on identifying new strategic partners. However, we may not achieve anticipated revenue growth from expanding our sales force if we are unable to hire, develop, integrate and retain talented and effective sales personnel, if our new and existing sales personnel are unable to achieve desired productivity levels in a reasonable period of time.

We also dedicate significant resources to sales and marketing programs. The effectiveness and cost of our online advertising has varied over time and may vary in the future due to competition for key search terms, changes in search engine use and changes in the search algorithms and rules used by major search engines. These efforts will require us to invest significant financial and other resources. Our business and operating results will be harmed if our sales and marketing efforts do not generate significant increases in revenue.

If we are not able to maintain and enhance our reputation and brand recognition, our business and results of operations may be harmed.

We believe that maintaining and enhancing our reputation and brand recognition is critical to our relationships with existing clients and the customers or patients that they serve and to our ability to attract new clients. As our marketing efforts depend significantly on positive recommendations and referrals from our current and past SMB customers, a failure to maintain and provide high-quality solutions and services, or a market perception that we do not maintain or provide high-quality solutions and services, may harm our reputation and impair our ability to secure new customers. Any decisions we make regarding regulatory compliance, user privacy, payments and other issues, and any media, legislative or regulatory scrutiny of our business, or our current or former directors, employees, contractors, or vendors, could negatively affect our brands. If we do not successfully maintain and enhance the integrity, quality, efficiency and scalability of our software and systems, as well as our reputation and brand recognition among our customers and the end customers they serve, our business may not grow and we could lose existing customers, which would harm our business, results of operations and financial condition. For example, the success of our digital lead generation capabilities within our EverPro platform depends, in part, on our ability to establish and maintain relationships with quality and trustworthy home service professionals and home improvement contractors, such as home maintenance technicians and security alarm professionals operating in both residential and commercial settings. We provide our home service professionals with solutions to capture and manage lead generations to residential homeowners and business owners, who in turn want to work with home service professionals whom they can trust to provide quality workmanship. Unsatisfactory work performed by any of our recommended home service professionals could result in bad publicity and related damage to our reputation and/or litigation, which in turn may adversely affect our business, financial condition and results of operations.

Further, the promotion of our platforms and services may require us to make substantial investments and we anticipate that, as our market becomes increasingly competitive, these marketing initiatives may become increasingly difficult and expensive. Our marketing activities may not be successful or yield increased revenue, and to the extent that these activities yield increased revenue, the increased revenue may not offset the expenses we incur and our results of operations could be harmed. In addition, any factor that diminishes our reputation or that of our management, including failing to meet the expectations of our customers, could make it substantially more difficult for us to attract new customers.

If we are unable to retain our current customers, which are primarily SMBs, or sell additional functionality and services to them, our revenue growth may be adversely affected.

To increase our revenue, in addition to acquiring new customers, we must continue to retain existing clients and convince them to expand their use of our solutions and services by increasing the number of users and incenting them to pay for additional functionality. Many of our clients are SMBs, which can be more difficult to retain than large enterprises as SMBs often have higher rates of business failures and more limited resources, particularly in weaker economic environments, and are typically less able to make technology-related decisions based on factors other than price. Further, SMBs are fragmented in terms of size, geography, sophistication and nature of business and, consequently, are more challenging to serve at scale and in a cost-effective manner. As a result, we may be unable to retain existing clients or increase the usage of our solutions and services by them, which would have an adverse effect on our business, revenue and other operating results, and accordingly, on the trading price of our common stock.

Our ability to sell additional functionality to our existing customers may require more sophisticated and costly sales efforts, especially for our larger customers with more senior management and established procurement functions. Similarly, the rate at which our customers purchase additional solutions from us depends on several factors, including general economic conditions and the pricing of additional functionality. SMBs are typically more susceptible to such factors and any adverse changes in the economic environment or business failures of our SMB customers may have a greater impact on us than on our competitors who do not focus on SMBs to the extent that we do. If our efforts to sell additional functionality to our clients are not successful, our business and growth prospects would suffer.

While some of our contracts are non-cancelable annual subscription contracts, most of our contracts with clients primarily consist of open-ended arrangements that can be terminated by either party without penalty, generally upon providing 30-day notice. Our clients have no obligation to renew their subscriptions for our solutions and services after the expiration of their subscription period. For us to maintain or improve our operating results, it is important that our customers continue to maintain their subscriptions on the same or more favorable terms. We cannot accurately predict renewal or expansion rates given the diversity of our customer base in terms of size, industry and geography. Our renewal and expansion rates may decline or fluctuate as a result of several factors, including consumer spending levels, client satisfaction with our solutions and services, decreases in the number of users, changes in the type and size of our customers, pricing changes, competitive conditions, the acquisition of our customers by other companies and general economic conditions. If our customers do not renew their subscriptions, our revenue and other operating results will decline and our business will suffer. If our renewal or expansion rates fall significantly below the expectations of the public market, securities analysts, or investors, the trading price of our common stock would likely decline.

Further, we have key customers and a more pronounced customer concentration in certain markets. Consequently, the loss of any of our key customers or any significant reduction in their usage of our solutions and services may reduce our sales revenue and net profit. There can be no guarantee that our key customers will not in the future seek to source some or all of their solutions and services from competitors or begin to develop such solutions or services in-house. Any loss, change or other adverse event related to our key customer relationships could have an adverse effect on our business, results of operations and financial condition.

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, which in either case could interrupt our business, cause us to lose business and increase our costs.

We rely on our systems, technology and infrastructure to perform well on a consistent basis. From time to time in the past we have experienced (and in the future we may experience) occasional interruptions that make some or all of this framework and related information unavailable or that prevent us from providing solutions and services. Any such interruption could arise for any number of reasons. We also rely on third parties, such as Worldpay, PayPal and other payment processing partners, for specific services, software and hardware used in providing our solutions and services. Some of these organizations and service providers are our competitors or provide similar services and technology to our competitors, and we may not have long-term contracts with them. If these contracts are canceled or we are unable to renew them on commercially reasonable terms, or at all, our business, financial condition and results of operation could be adversely impacted. The termination by our service or technology providers of their agreements with us or their failure to perform their services efficiently and effectively may adversely affect our relationships with our clients and, if we cannot find alternate providers quickly, may cause those clients to terminate their processing agreements with us. We will continually work to expand and enhance the efficiency and scalability of our framework to improve the consumer and service professional experience, accommodate substantial increases in the number of visitors to our various platforms, ensure acceptable load times for our various solutions and services and keep up with changes in technology and user preferences. If we do not do so in a timely and cost-effective manner, the user experience and demand across our brands and businesses could be adversely affected, which could adversely affect our business, financial condition and results of operations.

Our information technology systems and operations or those of our third-party technology vendors could be exposed to damage or interruption from, among other things, fire, extreme weather events (including floods, storms, droughts and extreme temperatures) and other natural disasters, power loss, telecommunications failure, unauthorized entry, computer viruses, denial-of-service attacks, acts of terrorism, human error, vandalism or sabotage, financial insolvency and similar events. Extreme weather events, changing water levels, as well as changes in ambient temperature and precipitation patterns, may become more frequent or severe as a result of climate change. Our property and business interruption insurance may not be adequate to compensate us for all losses or failures that may occur, and the cost and availability of such insurance may be adversely impacted to the extent events become more frequent or severe. While we and the third parties upon whom we rely have certain backup systems in place for certain aspects of our respective frameworks, none of our frameworks are fully redundant and disaster recovery planning is not sufficient for all eventualities, particularly given some of the uncertainties associated with longer term projections, including those associated with climate change. Defects in our information technology systems or those of third parties, errors or delays in the processing of payment transactions, telecommunications failures or other difficulties could result in:

- loss of revenues;
- loss of clients;
- loss of client and cardholder data;
- fines imposed by payment networks or bank sponsors;
- harm to our business or reputation resulting from negative publicity;
- exposure to fraud losses or other liabilities;
- additional operating and development costs; or
- diversion of management, technical or other resources, among other consequences.

To the extent that such disruptions result in delays or cancellations of customer orders, or adversely impact the deployment of our solutions, our business, operating results and financial condition would be adversely affected.

If we are unable to improve our margin, in particular within Marketing Technology Solutions, we may experience lower aggregate profitability and margins.

While we have experienced significant revenue growth across our offering of solutions and services, certain solutions and services, such as our Marketing Technology Solutions, have lower margins as compared to our subscription and transaction fee services, such

as our vertical Business Management Software and integrated payment solutions. For the year ended December 31, 2023, subscription and transaction fees and Marketing Technology Solutions generated 77.0% and 19.7%, respectively, of our total revenues. To the extent our lower margin solutions and services grow as a portion of our overall business, there is an adverse impact on our aggregate profitability and margins.

In addition, we may be unable to achieve satisfactory prices for our offerings or maintain prices at competitive levels across our offering of solutions and services. If we are unable to maintain our prices, or if our costs increase and we are unable to offset such an increase with a commensurate increase in our prices, our margins could decline. We will continue to be subject to significant pricing pressure and expect that we will continue to experience growth across our offerings, including in respect of our lower margin solutions, such as our Marketing Technology Solutions, which will likely have a material adverse effect on our margins.

A future pandemic, epidemic or outbreak of an infectious disease could impact, our business, financial condition and results of operations, as well as the business or operations of third parties with whom we conduct business.

COVID-19 and the related health concerns relating to the outbreak significantly increased economic uncertainty and has caused economies, businesses, markets and communities around the globe to be disrupted, and in many cases, shut-down. Measures to control the spread of the disease also negatively impacted SMBs, including consumer spending and business spending habits, and adversely impacted our workforce and operations and the operations of our customers across industries and markets. Measures to contain COVID-19 outbreaks may be reinstated, causing similar adverse impacts.

Conversely, pandemics, epidemics and outbreaks may significantly and temporarily increase demand in certain industries and markets in which we operate. For example, COVID-19 generally increased demand for, and utilization of, telehealth services, and increased demand from customers shifting to technology-focused, digital-first business models. While such increases may help to offset the decline of business and demand in other industries, there can be no assurance that these levels of interest, demand and use will continue at current levels or will not decrease in the future. Federal and state budget shortfalls could lead to potential reductions in funding for Medicare and Medicaid. Further reductions in reimbursements from Medicare and Medicaid could lead to our Health Services customers postponing expenditures on information technology and related services.

It is possible that the increase in remote or hybrid work arrangements stemming from COVID-19 may also result in consumer and patient privacy, IT security and fraud risks.

Further, a pandemic, epidemic or outbreak of an infectious disease may in the future result in, significant disruption of global financial markets, which could result in a reduction in our ability to access capital that could adversely affect our liquidity.

The full extent to which a pandemic, epidemic or outbreak of an infectious disease will impact our business, results of operations and financial condition is still unknown and will depend on future developments, which are highly uncertain and cannot be predicted. To the extent a pandemic, epidemic or outbreak of an infectious disease adversely affects our business, financial condition and results of operations, it may also have the effect of heightening many of the other risks described in this "*Risk Factors*" section.

We are subject to economic and political risk, the business cycles of our clients and changes in the overall level of consumer and commercial spending, which could negatively impact our business, financial condition and results of operations.

We are exposed to general economic conditions that affect consumer confidence, consumer spending, consumer discretionary income and changes in consumer purchasing habits. A sustained deterioration in general economic conditions, particularly in the United States, or increases in interest rates, could adversely affect our financial performance by reducing the number or aggregate volume of transactions made using electronic payments and increasing interest payments on our debt. A reduction in the amount of consumer or commercial spending could result in a decrease in our revenue and profits. If our customers make fewer purchases or sales of products and services using electronic payments, or consumers spend less money through electronic payments, we will have fewer transactions to process at lower dollar amounts, resulting in lower revenue.

While we attempt to minimize our exposure to economic or market fluctuations by serving a balanced mix of end markets and geographic regions, any significant or sustained downturn in a specific end market or geographic region can impact our business and that of our customers. These factors may make it difficult for our customers and us to accurately forecast and plan future business activities; neither we nor our customers can predict the timing, strength or duration of any economic downturn or subsequent recovery. Furthermore, if a significant portion of our customers are concentrated in a specific geographic area or industry, our business may be disproportionately affected by negative trends or economic downturns in those specific geographic areas or industries. These factors may also cause our customers to reduce their capital expenditures, alter the mix of services purchased and otherwise slow their spending on our services. In addition, due to these conditions, many of our competitors may be more inclined to take greater or unusual risks or accept terms and conditions in contracts that we might not deem acceptable. These conditions and factors may reduce

the demand for our services and solutions, and more generally may adversely affect our business, results of operations and financial condition.

A weakening in the economy could have a negative impact on our customers, as well as the customers they serve who purchase solutions and services using the payment processing systems to which we provide access, which could, in turn, negatively affect our business, financial condition and results of operations. Many of our clients are SMBs. To continue to grow our revenue, we must add new SMB customers, sell additional solutions and services to existing SMB customers and encourage existing SMB customers to continue doing business with us. However, a weakening in the economy could force SMBs to close at higher than historical rates in part because many of them are not as well capitalized as larger organizations and are typically less able to make technology-related decisions based on factors other than price, which could expose us to potential credit losses and future transaction declines. Further, credit card issuers may reduce credit limits and become more selective in their card issuance practices. We also have a certain amount of fixed and semi-fixed costs, including rent, debt service and salaries, which could limit our ability to quickly adjust costs and respond to changes in our business and the economy.

General inflation, including wage inflation, increases in interest rates, currency volatility as well as monetary, fiscal and policy interventions by national or regional governments in anticipation of or reaction to such events could have negative impacts on our business by increasing our operating costs and our borrowing costs as well as decreasing the capital available for our customers to purchase our solutions and services or the levels of cash we maintain for working capital.

We currently manage our exchange rate and interest rate risk using hedging instruments. We cannot be certain such practices will be available and/or effective at mitigating foreign currency and interest rate risk to which we are exposed. If we are unsuccessful in detecting material exposures in a timely manner, any hedging strategies we deploy are not effective, or there are no hedging strategies available for certain exposures that are prudent given the associated risks and the potential mitigation of the underlying exposure achieved, our operating results or financial position could be adversely affected in the future.

If we are unable to retain our personnel and hire additional skilled personnel, we may be unable to achieve our goals.

Our future success depends upon our ability to attract, train and retain highly skilled employees and contract workers, particularly our management team, sales and marketing personnel, professional services personnel and software engineers. Any of our key personnel have worked for us for a significant amount of time or were recruited by us specifically due to their experience. Our success depends in part upon the reputation and influence within the industry of our senior managers who have, over the years, developed long standing and favorable relationships with our vendors, card associations, bank sponsors and other payment processing and service providers. Each of our executive officers and other key employees may terminate his or her relationship with us at any time and the loss of the services of one or a combination of our senior executives or members of our senior management team, including our Chief Executive Officer, Eric Remer, our President, Matthew Feierstein and our Chief Financial Officer, Marc Thompson, may significantly delay or prevent the achievement of our business or development objectives and could materially harm our business. Further, contractual obligations related to confidentiality and assignment of intellectual property rights may be ineffective or unenforceable, and departing employees may share our proprietary information with competitors in ways that could adversely impact us.

In addition, certain senior management personnel are substantially vested in their stock option grants or other equity compensation. While we periodically grant additional equity awards to management personnel and other key employees to provide additional incentives to remain employed by us, employees may be more likely to leave us if a significant portion of their equity compensation is fully vested.

We face intense competition for qualified individuals from numerous other technology companies. Often, significant amounts of time and resources are required to train technical personnel and we may lose new employees to our competitors or other technology companies before we realize the benefit of our investment in recruiting and training them. We may be unable to attract and retain suitably qualified individuals who are capable of meeting our growing technical, operational and managerial requirements, on a timely basis or at all, and we have paid and may in the future be required to pay increased compensation in order to do so, including as a result of wage inflation. Because of the technical nature of our solutions and services and the dynamic market in which we compete, any failure to attract and retain qualified personnel, as well as our contract workers, could have a material adverse effect on our ability to generate sales or successfully develop new solutions, client and consulting services and enhancements of existing solutions and services. Also, to the extent we hire personnel from competitors, we may be subject to allegations that they have been improperly solicited or divulged proprietary or other confidential information.

We may be unsuccessful in achieving our objectives through acquisitions, dispositions or other strategic transactions.

Since April 2017, we have consummated 53 acquisitions and have generated significant growth through acquisitions. Although we expect to continue to acquire companies and other assets in the future, such acquisitions pose a number of challenges and risks, including the following:

- the ability to identify suitable acquisition candidates or acquire additional assets at attractive valuations and on favorable terms;
- the availability of suitable acquisition candidates;
- the ability to compete successfully for identified acquisition candidates, complete acquisitions or accurately estimate the financial effect of acquisitions on our business;
- higher than expected or unanticipated acquisition costs;
- effective integration and management of acquired businesses in a manner that permits the combined company to achieve the full revenue and cost synergies and other benefits anticipated to result from the acquisition, due to difficulties such as incompatible accounting, information management or other control systems;
- retention of an acquired company's key employees or customers;
- contingent or undisclosed liabilities, incompatibilities and/or other obstacles to successful integration not discovered during the pre-acquisition due diligence process;
- the availability of management resources to evaluate acquisition candidates and oversee the integration and operation of the acquired businesses;
- the ability to obtain the necessary debt or equity financing, on favorable terms or at all, to finance any of our potential acquisitions;
- increased interest expense, restructuring charges and amortization expenses related to intangible assets;
- significant dilution to our stockholders for acquisitions made utilizing our securities; and
- the ability to generate cash necessary to execute our acquisition strategy and/or the reduction of cash that would otherwise be available to fund operations or for other purposes.

While our acquisition strategy leverages our experience and utilizes internal criteria for evaluating acquisition candidates and prospective businesses, there can be no guarantee that each business will have all of the positive attributes we seek. If we complete an acquisition that does not meet some or all of our criteria, such acquisition may not be as successful as one involving a business that does meet most or all of our criteria. There can be no assurance that our criteria are accurate or helpful indicators of success, and we may fail or opt not to acquire successful businesses that do not otherwise satisfy our internal requirements and preferences. In addition, we may consider acquisitions outside of our existing vertical markets and in industries or services in which we have limited expertise or experience. While we will endeavor to evaluate the risks inherent in any particular acquisition candidate, there can be no assurance that we will adequately ascertain or assess all of the significant risk factors to such new markets, industries or services.

Even if we are able to complete acquisitions and other investments, such activities may not ultimately strengthen our competitive position or achieve our strategic goals and could be viewed negatively by existing or prospective customers, investors or other stakeholders. We may not realize the anticipated benefits of any or all of our acquisitions or other investments in the time frame expected or at all. For example, the process of integrating operations could cause an interruption of, or loss of momentum in, the activities of one or more of our combined businesses and the possible loss of key personnel. Further, acquisitions and consolidations may also disrupt our ongoing business, divert our resources and require significant management attention that would otherwise be available for ongoing development of our current business. Acquisitions can also result in a complex corporate structure with different systems and procedures in place across various acquired entities, particularly during periods in which acquired entities are being integrated or transitioned to our preferred systems and procedures. Initiatives to integrate these disparate systems and procedures can be challenging and costly, and the risk of failure high.

Moreover, there can be no assurance that we will be able to identify suitable acquisition targets in the future, or to complete such acquisitions on acceptable terms or at all. If we are unable to identify acquisition targets that meet our investment criteria and close such transactions on acceptable terms, our potential for growth by way of acquisition may be restricted, which could have an adverse effect on achievement of our strategy and the resulting expected financial benefits.

The occurrence of any of these factors may result in a decrease in any or all acquisition activity and otherwise adversely impact our operations, which may lead to less growth and a deterioration of our financial and operational condition.

In addition, we may pursue dispositions and other strategic transactions, which could be material. Dispositions and other strategic transactions may not have the anticipated impact on our business, may negatively impact revenues and may make it difficult to generate cash flows to meet our cash requirements.

Revenues and profits generated through acquisitions may be less than anticipated, and we may fail to uncover all liabilities of acquisition targets through the due diligence process prior to an acquisition, resulting in unanticipated costs, losses or a decline in profits, as well as potential impairment charges. Claims against us relating to any acquisition may necessitate our seeking claims against the seller for which the seller may not indemnify us or that may exceed the seller's indemnification obligations.

In evaluating and determining the purchase price for a prospective acquisition, we estimate the future revenues and profits from that acquisition based largely on historical financial performance. Following an acquisition, we may experience some attrition in the number of clients serviced by an acquired provider of billing and payment solutions and marketing and customer retention services. Should the rate of post-acquisition client attrition exceed the rate we forecasted, the revenues and profits from the acquisition may be less than we estimated, which could result in losses or a decline in profits, as well as potential impairment charges. Moreover, the anticipated benefits of any acquisition, including our revenue or return on investment assumptions, may not be realized.

We perform a due diligence review of each of our acquisition targets. This due diligence review, however, may not adequately uncover all of the contingent or undisclosed liabilities we may incur as a consequence of the proposed acquisition, exposing us to potentially significant, unanticipated costs, as well as potential impairment charges. Although a seller generally may have indemnification obligations to us under an acquisition or merger agreement, these obligations usually will be subject to financial limitations, such as general deductibles and maximum recovery amounts, as well as time limitations. Certain transactions are also subject to limitations of the scope of a Representation and Warranty Insurance policy. We cannot assure you that our right to indemnification from any seller will be enforceable, collectible or sufficient in amount, scope or duration to fully offset the amount of any undiscovered or underestimated liabilities that we may incur. Any such liabilities, individually or in the aggregate, could have a material adverse effect on our business, results of operations and financial condition. In addition, our insurance does not cover all of our potential losses, and we are subject to various self-insured retentions and deductibles under our insurance. Although we believe we have sufficient reserves for contingencies, a judgment may be rendered against us in cases in which we could be uninsured or which exceed the amounts that we currently have reserved or anticipate incurring for such matters.

Our indebtedness could adversely affect our financial health and competitive position.

As of December 31, 2023, we had cash, cash equivalents and restricted cash of $96.2 million, $190.0 million of available borrowing capacity under our New Revolver (as defined in Part II. Item 7. *"Management's Discussion and Analysis of Results of Operation and Financial Condition - Liquidity and Capital Resources")* and $537.6 million outstanding under our Credit Facilities (as defined in Part II. Item 7. *"Management's Discussion and Analysis of Results of Operation and Financial Condition - Liquidity and Capital Resources")*. To service this debt and any additional debt we may incur in the future, we need to generate cash. Our ability to generate cash is subject, to a certain extent, to our ability to successfully execute our business strategy, including acquisition activity, as well as general economic, financial, competitive, regulatory and other factors beyond our control. There can be no assurance that our business will be able to generate sufficient cash flow from operations or that future borrowings or other financing will be available to us in an amount sufficient to enable us to service our debt and fund our other liquidity needs. To the extent we are required to use our cash flow from operations or the proceeds of any future financing to service our debt instead of funding working capital, capital expenditures, acquisition activity or other general corporate purposes, we will be less able to plan for, or react to, changes in our business, industry and in the economy generally. This will place us at a competitive disadvantage compared to our competitors that have less debt. There can be no assurance that we will be able to refinance any of our debt on commercially reasonable terms or at all, or that the terms of that debt will allow any of the above alternative measures or that these measures would satisfy our scheduled debt service obligations. If we are unable to generate sufficient cash flow to repay or refinance our debt on favorable terms, it could significantly adversely affect our financial condition and the value of our outstanding debt. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations.

In addition, the terms of our Credit Facilities contain, and any agreements evidencing or governing other future debt may contain, certain restrictive covenants that limit our ability, among other things, to engage in certain activities that are in our long-term best interests and align with our business strategies or operations, including our ability to:

- incur liens on property, assets or revenues;
- incur or assume additional debt or amend our debt and other material agreements;
- declare or make distributions and redeem or repurchase equity interests or issue preferred stock;
- prepay, redeem or repurchase debt;
- make investments;
- engage in certain business activities; and
- engage in certain mergers and asset sales.

In addition, under certain circumstances, we will be required to satisfy and maintain a specified financial ratio under the terms of our Credit Facilities. While we have not previously breached and are not in breach of any of these covenants, there can be no guarantee that we will not breach these covenants in the future. Our ability to comply with these covenants and restrictions may be affected by events and factors beyond our control. Our failure to comply with any of these covenants or restrictions could result in an event of default under the terms of our indebtedness. An event of default would permit the lending banks to take certain actions, including terminating all outstanding commitments and declaring all amounts outstanding to be immediately due and payable, including all outstanding borrowings, accrued and unpaid interest thereon and all other amounts owing or payable with respect to such borrowings and any terminated commitments. In addition, the lenders would have the right to proceed against the collateral we granted to them, which includes substantially all of our assets. If payment of outstanding amounts under our Credit Facilities accelerated, our assets may be insufficient to repay such amounts in full, and our common stockholders could experience a partial or total loss of their investment.

As a result of being a public company, we are obligated to develop and maintain proper and effective internal control over financial reporting, and if we fail to develop and maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired.

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”), the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the listing requirements of The Nasdaq Stock Market and other applicable securities rules and regulations. Compliance with these rules and regulations has increased and will continue to increase our legal and financial compliance costs, make some activities more difficult, time consuming, or costly, and increase demand on our systems and resources, particularly after we are no longer an emerging growth company. It may require significant resources and management oversight to maintain and, if necessary, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard. As a result, management’s attention may be diverted from other business concerns, which could adversely affect our business and operating results. Although we have already hired additional employees to comply with these requirements, we may need to hire more employees in the future or engage outside consultants, which would increase our costs and expenses.

As a public company, we are required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. Effective internal control over financial reporting is necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet our reporting obligations. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock.

This assessment includes disclosure of any material weaknesses identified by our management in our internal control over financial reporting, as well as a statement that our independent registered public accounting firm has issued an opinion on the effectiveness of our internal control over financial reporting, provided that our independent registered public accounting firm will not be required to attest to the effectiveness of our internal control over financial reporting until our first annual report required to be filed with the SEC following the date (i) we are either an “accelerated filer” or a “large accelerated filer,” each as defined in the Exchange Act, and (ii) we are no longer an emerging growth company, as defined in the JOBS Act. We could be an emerging growth company for up to five years. An independent assessment of the effectiveness of our internal controls could detect problems that our management’s assessment might not. Undetected material weaknesses in our internal controls could lead to financial statement restatements and require us to incur the expense of remediation. We are also required to disclose changes made in our internal control and procedures on a quarterly basis. To comply with the requirements of being a public company, we may need to undertake various actions, such as implementing new internal controls and procedures and hiring accounting or internal audit staff.

We identified a material weakness in our internal control over financial reporting as of December 31, 2023, as described in Part II, Item 9A. The material weakness identified in this Annual Report on Form 10-K relates to the lack of properly designed controls over certain of our order to cash revenue accounting processes. Specifically, adequate controls are not in place primarily as a result of (a) the lack of full system integration for certain of our order to cash systems and (b) control deficiencies within the manual controls designed to mitigate that risk. We have also previously identified a material weakness over internal control over financial reporting in the past.

In addition to taking remediation measures in response to the current material weakness we identified, we may need to expend additional resources and provide additional management oversight in order to establish effective disclosure controls and procedures and internal control over financial reporting. Implementing any appropriate changes to our internal controls may require specific compliance training of our employees, entail substantial costs, take a significant period of time to complete or divert management’s attention from other business concerns.

The material weakness will not be considered remediated until our remediation plan has been fully implemented, the applicable controls operate for a sufficient period of time, and we have concluded, through testing, that the newly implemented and enhanced controls are operating effectively. At this time, we cannot predict the success of such efforts or the outcome of our assessment of the remediation efforts. We can give no assurance that our efforts will remediate this material weakness in our internal control over financial reporting, or that additional material weaknesses will not be identified in the future. Our failure to implement and maintain effective internal control over financial reporting could result in errors in our consolidated financial statements that could result in a restatement of our financial statements, and could cause us to fail to meet our reporting obligations, any of which could diminish investor confidence in us and cause a decline in the price of our common stock. Additionally, ineffective internal control could expose us to an increased risk of financial reporting fraud and the misappropriation of assets and subject us to potential delisting from the stock exchange on which we list or to other regulatory investigations and civil or criminal sanctions.

In addition, as we continue to scale and improve our operations, including our internal systems and processes, we are currently implementing, and in the future may seek to implement, a variety of critical systems, such as billing, human resource information systems, financial reporting and accounting systems. We cannot assure you that new systems, including any increases in scale or related improvements, will be successfully implemented or that appropriate personnel will be available to facilitate and manage these processes. Failure to implement necessary systems and procedures, transition to new systems and processes or hire the necessary personnel could result in higher costs, compromised internal reporting and processes and system errors or failures. The implementation and transition to any new critical system may be disruptive to our business if they do not work as planned or if we experience issues related to such implementation or transition, which could have a material adverse effect on our operations.

Our ability to use our net operating losses to offset future taxable income may be subject to certain limitations.

In general, under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, a corporation that undergoes an “ownership change” is subject to limitations on its ability to utilize its pre-ownership change Net Operating Losses (“NOLs”) to offset future taxable income. For these purposes, an ownership change generally occurs where the aggregate stock ownership of one or more stockholders or groups of stockholders who owns at least 5% of a corporation’s stock increases its ownership by more than 50 percentage points over its lowest ownership percentage within a specified testing period. Similar rules may apply under state tax laws. Our existing NOLs may be subject to limitations arising from previous ownership changes, and if there is a future change in our stock ownership (which may be outside of our control) that results in an ownership change, our ability to utilize NOLs could be further limited by Section 382 of the Code. U.S. federal NOLs generated in taxable years beginning on or before December 31, 2017, or pre-2017 NOLs, are subject to expiration while U.S. federal and certain state NOLs generated in taxable years beginning after December 31, 2017, or post- 2017 NOLs, are not subject to expiration. Additionally, for taxable years beginning after December 31, 2020, the deductibility of federal post-2017 NOLs is limited to 80% of our taxable income in such year, where taxable income is determined without regard to the NOL for such post-2017 NOLs. For these and other reasons, we may not be able to realize a tax benefit from the use of our NOLs.

Government healthcare regulation, healthcare industry standards and other requirements create risks and challenges with respect to our compliance efforts and our business strategies within Health Services.

The healthcare industry is highly regulated and subject to frequently changing laws, regulations and industry standards. These laws and regulations may impact us directly or indirectly through our contracts with Health Services customers. Many healthcare laws and regulations are complex, and their application to specific solutions, services and relationships may not be clear. In particular, many existing healthcare laws and regulations, when enacted, did not anticipate the healthcare IT solutions and services that we provide, and these laws and regulations may be applied to our solutions and services in ways that we do not anticipate. In addition, federal and state efforts to reform or revise aspects of the healthcare industry or to revise or create additional legal or regulatory requirements could impact our operations, the use of our solutions and our ability to market new solutions, or could create unexpected liabilities for us. There can be no assurance that our business or operations will not be challenged or impacted by enforcement initiatives.

The increasing focus on environmental sustainability and social initiatives could increase our costs, harm our reputation and adversely impact our financial results.

There has been increasing public focus by investors, customers environmental activists, the media and governmental and nongovernmental organizations on a variety of environmental, social and other sustainability (“ESG”) matters. In addition, certain financial institutions, including banks and insurance companies, have made commitments regarding ESG matters that they may pass on to those they provide capital to. These and other expectations regarding ESG initiatives and disclosures may result in increased costs, compliance or disclosure obligations, or other impacts to our business, financial condition, or results of operations.

While we may, from time to time, engage in certain voluntary initiatives (which may include disclosures, policies, and targets, among others) to improve the ESG profile of our operations and/or products or respond to stakeholder considers, such initiatives may be

costly and may not have the desired effect. Expectations around companies' management of ESG matters continues to evolve rapidly, in many instances due to factors that are out of our control. In particular, we may make statements or actions based on various frameworks, methodologies, or data that we believe to be reasonable but which may ultimately determined to be erroneous or inconsistent with future regulatory requirements or best practices. Even if this is not the case, our current actions may subsequently be determined to be insufficient or not aligned to best practices by various stakeholders. If we are not effective in addressing ESG matters affecting our business, or setting and meeting relevant sustainability goals, we may be subject to various adverse impacts, including reputational damage and potential stakeholder engagement and/or litigation.

In addition, this emphasis on ESG matters has resulted and may result in the adoption of new laws and regulations, including new reporting requirements. For example, various policymakers, such as the SEC and State of California, have adopted (or are considering adopting) requirements for companies to provide significantly expanded disclosures on climate, and in some instances other ESG topics. Additionally, the Biden Administration has proposed several potential revisions to the Federal Acquisition Regulation regarding sustainable procurement as well as the climate-related performance of their suppliers. Compliance with environmental, social and other sustainability laws, regulations, expectations or reporting requirements may result in increased compliance costs, including the implementation of new internal control processes, as well as additional scrutiny that could heighten all of the risks associated with ESG matters. Moreover, some investors and financial institutions use ESG or sustainability scores, ratings or benchmarks to make financing, investment and voting decisions. Any reputational damage associated with ESG factors may also adversely impact our ability to recruit and retain employees, customers, and business partners. Simultaneously, there are efforts by some stakeholders to reduce companies' efforts relating to certain ESG-related matters. Both advocates and opponents to certain ESG matters are increasingly resorting to a range of activism forms, including media campaigns and litigation, to advance their perspectives. To the extent we are subject to such activism, it may require us to incur costs or otherwise adversely impact our business. This and other stakeholder expectations will likely lead to increased costs as well as scrutiny that could heighten all of the risks identified in this risk factor. Such ESG matters may also impact our suppliers, customers, and business partners, which may compound or cause new impacts on our business, financial condition, or results of operations.

Risks Related to Intellectual Property

We may be unable to adequately protect or enforce, and we may incur significant costs in enforcing or defending, our intellectual property and other proprietary rights.

Our success depends in part on our ability to enforce and defend our intellectual property and other proprietary rights. We rely upon a combination of trademark, trade secret, copyright and other intellectual property laws, as well as license agreements and other contractual provisions, to protect our intellectual property and other proprietary rights. In addition, we attempt to protect our intellectual property and proprietary information by requiring our employees and consultants to enter into confidentiality, non-competition and assignment of inventions agreements. However, we cannot be certain that the steps we have taken or will take to protect and enforce our intellectual property and proprietary rights will be successful. Third parties may challenge, invalidate, circumvent, infringe, misappropriate or otherwise violate our intellectual property or the intellectual property of our third-party licensors, and any of these claims or actions may result in restrictions on our use of our intellectual property or the conduct of our business. Our intellectual property may not be sufficient to permit us to take advantage of current market trends or otherwise to provide competitive advantages, which could result in costly redesign efforts, discontinuance of certain service offerings or other competitive harm. Others, including our competitors, may independently develop similar technology, duplicate our solutions and services, design around or reverse engineer our intellectual property, and in such cases neither we nor our third-party licensors may be able to assert intellectual property rights against such parties. We also rely, and expect to continue to rely on, certain services and intellectual property that we license from third parties for use in our product offerings and services. We cannot be certain that our licensors are not infringing upon the intellectual property rights of others or that our suppliers and licensors have sufficient rights to the third-party technology incorporated into our platform in all jurisdictions in which we may operate. Further, our contractual license arrangements may be subject to termination or renegotiation with unfavorable terms to us, and our third-party licensors may be subject to bankruptcy, insolvency and other adverse business dynamics, any of which might affect our ability to use and exploit the products licensed to us by these third-party licensors. We may have to litigate to enforce or determine the scope and enforceability of our intellectual property rights (including litigation against our third-party licensors), which is expensive, could cause a diversion of resources and may not prove successful. The loss of intellectual property protection or the inability to obtain the right to use third-party intellectual property could harm our business and ability to compete.

Further, existing U.S. federal and state intellectual property laws offer only limited protection and the laws of other countries in which we market our software solutions and services may afford little or no effective protection of our intellectual property. Therefore, our intellectual property rights may not be as strong or as easily enforced outside of the U.S.

We may be subject to patent, trademark and other intellectual property infringement claims, which may be time-consuming, and cause us to incur significant liability and increase our costs of doing business.

We cannot be certain that our products and services and the operation of our business do not, or will not, infringe or otherwise violate the intellectual property rights of third parties. Third parties may assert infringement claims against us with respect to current or future solutions, including for patent infringement, breach of copyright, trademark, license usage or other intellectual property rights. There may be existing patents or patent applications of which we are unaware that could be pertinent to our business; many patent applications are filed confidentially in the United States and are not published until 18 months following the applicable filing date. Additionally, in recent years, individuals and groups have been purchasing intellectual property assets for the sole purpose of making claims of infringement and attempting to extract settlements from companies like ours. Even if we believe that intellectual property related claims are without merit, defending against such claims is time consuming and expensive and could result in the diversion of the time and attention of our management and employees. In addition, the outcome of litigation is uncertain, and any claim from third parties may result in a limitation on our ability to use the intellectual property subject to these claims. Claims of intellectual property infringement also might require us to redesign or reengineer our affected solutions or services, enter into costly settlement or license agreements, pay costly royalties, license fees or damage awards for which we may not have insurance, or face a temporary or permanent injunction prohibiting us from marketing or selling certain of our solutions or services. Even if we have an agreement for indemnification against such costs, the indemnifying party, if any in such circumstances, may be unable to uphold its contractual obligations. If we cannot or do not license the infringed technology on reasonable terms or substitute similar technology from another source, our revenue and earnings could be materially and adversely affected.

We may be subject to claims asserting that our employees or consultants have wrongfully used or disclosed alleged trade secrets of their current or former employers or claims asserting ownership of what we regard as our own intellectual property.

Although we try to ensure that our employees and consultants do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these individuals have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's current or former employer. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

In addition, while it is our policy to require our employees and contractors who may be involved in the creation or development of intellectual property on our behalf to execute agreements assigning such intellectual property to us, we may be unsuccessful in having all such employees and contractors execute such an agreement. The assignment of intellectual property may not be self-executing or the assignment agreement may be breached, and we may be forced to bring claims against employees or third parties or defend claims that they may bring against us to determine the ownership of what we regard as our intellectual property. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Our use of "open source" software could adversely affect our ability to offer our services and subject us to possible litigation.

We may use open source software in connection with the development and deployment of our solutions and services, and we expect to continue to use open source software in the future. Companies that use open source software in connection with their products have, from time to time, faced claims challenging the use of open source software and/or compliance with open source license terms. As a result, we could be subject to suits by parties claiming ownership of what we believe to be open source software or claiming noncompliance with open source licensing terms. Some open source software licenses require users who distribute software containing or linked to open source software to publicly disclose all or part of the source code to such software and/or make available any derivative works of the open source code, which could include valuable proprietary code of the user, on unfavorable terms or at no cost. While we monitor the use of open source software and try to ensure that none is used in a manner that would require us to disclose our proprietary source code or that would otherwise breach the terms of an open source agreement, such use could inadvertently occur, in part because open source license terms are often ambiguous and almost none of them have been interpreted by U.S. or foreign courts. Any requirement to disclose our proprietary source code or pay damages for breach of contract could have a material adverse effect on our business, financial condition and results of operations and could help our competitors develop products and services that are similar to or better than ours.

Further, in addition to risks related to license requirements, use of certain open source software carries greater technical and legal risks than does the use of third-party commercial software. For example, open source software is generally provided without any support or warranties or other contractual protections regarding infringement or the quality of the code, including the existence of security vulnerabilities. To the extent that our platform depends upon the successful operation of open source software, any undetected errors or defects in open source software that we use could prevent the deployment or impair the functionality of our systems and injure our

reputation. In addition, the public availability of such software may make it easier for others to compromise our platform. Any of the foregoing risks could materially and adversely affect our business, financial condition and results of operations.

Risks Related to Regulation

We are subject to governmental regulation and other legal obligations, particularly related to privacy, data protection and information security and our actual or perceived failure to comply with such obligations could harm our business. Compliance with such laws could also impair our efforts to maintain and expand our customer and user bases, and thereby decrease our revenue.

Our handling of data is subject to a variety of laws and regulations, including regulation by various government agencies, including the U.S. Federal Trade Commission (the "FTC"), and various state, local and foreign agencies. We collect personally identifiable information and other data from our customers and the end-customers they serve and use this information to provide services to such customers and end-customers, as well as to support, expand and improve our business.

U.S. and foreign governments have adopted or proposed limitations on the collection, distribution, use and storage of personal information of individuals. In the United States, the FTC and many state attorneys general are applying federal and state consumer protection laws as imposing standards for the online collection, use and dissemination of data, through websites or otherwise, and as regulating the presentation of website content. However, these obligations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other requirements or our practices. At the state level, lawmakers continue to pass new laws concerning privacy and data security. For example, the California Consumer Privacy Act (the "CCPA"), introduces significant disclosure obligations and provides California consumers with significant privacy rights. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that has increased the likelihood, and risks associated with data breach litigation. We have been and will continue to be required to expend resources to comply with the CCPA.

Further, the California Privacy Rights Act (the "CPRA"), which generally went into effect on January 1, 2023, significantly modifies the CCPA, including by expanding consumers' rights with respect to certain personal information and creating a new state agency to oversee implementation and enforcement efforts. Similar laws have passed in other states, and are continuing to be proposed at the state and federal level. Recent and new state and federal legislation relating to privacy may add additional complexity, variation in requirements, restrictions and potential legal risk, require additional investment in resources to compliance programs, could impact strategies and availability of previously useful data and could result in increased compliance costs and/or changes in business practices and policies.

HIPAA imposes privacy, security and breach notification obligations on "covered entities," including certain health care providers, health plans, and health care clearinghouses, and their respective "business associates" that create, receive, maintain or transmit individually identifiable health information for or on behalf of a covered entity, with respect to safeguarding the privacy, security and transmission of individually identifiable health information, as well as their covered subcontractors. Entities that are found to be in violation of HIPAA, whether as the result of a breach of unsecured protected health information ("PHI"), a complaint about privacy practices, or an audit by the U.S. Department of Health and Human Services ("HHS"), may be subject to significant civil, criminal, and administrative fines and penalties and/or additional reporting and oversight obligations if required to enter into a resolution agreement and corrective action plan with HHS to settle allegations of HIPAA non-compliance. Additionally, if we or our subcontractor business associates fail to comply with HIPAA or contractual requirements, or are otherwise involved in a HIPAA data breach, we may face significant fines and penalties, ongoing compliance requirements, reputational harm, contractual reimbursement, recoupment or other obligations, FTC enforcement actions and private litigation brought by impacted individuals.

Outside of the United States, many jurisdictions have laws or regulations dealing with the collection, use, sharing, or other processing of personal information, including laws in the European Economic Area ("EEA"), Canada, Middle East, Australia and South America. For example, the General Data Protection Regulation ("GDPR"), in the EEA and its equivalent in the United Kingdom ("UK", and such equivalent, the "UK GDPR"), impose a strict data protection compliance regime (which will continue to be interpreted through guidance and decisions over the coming years. Failure to comply with these laws could result fines of up to the greater of €20 million ($24 million / £17.5 million) or 4% of global turnover, stop processing orders, or civil litigation.

Among other requirements, the GDPR regulates transfers of personal data subject to the GDPR to third countries that have not been found to provide adequate protection to such personal data, including the United States, and the efficacy and longevity of current transfer mechanisms between the EEA, and the United States remains uncertain. We expect the existing legal complexity and uncertainty regarding international personal data transfers to continue. As a result, we may have to make certain operational changes and we will have to implement revised standard contractual clauses and other relevant documentation for existing data transfers within required time frames.

Privacy, security and data protection laws and regulations, and any other such changes or new laws or regulations, could impose significant limitations, require changes to our business, or restrict our use or storage of personal information, which may increase our compliance expenses and make our business more costly or less efficient to conduct. In addition, any such changes could compromise our ability to develop an adequate marketing strategy and pursue our growth strategy effectively, which, in turn, could adversely affect our business, financial condition, and results of operations. The interpretations and measures conducted by us in our efforts to comply with the applicable data protection laws may have been or may prove to be insufficient or incorrect. If our privacy or data security measures or practices fail to comply with current or future laws and regulations, we may be subject to claims, legal proceedings or other actions by individuals or governmental authorities based on privacy or data protection regulations and our commitments to customers and users, as well as negative publicity and a potential loss of business. As we continue to expand into other foreign countries and jurisdictions, we may also be subject to additional laws and regulations that may affect how we conduct business. Moreover, if future laws and regulations limit our customers and users' ability to use and share personal information or our ability to store, process and share personal information, demand for our solutions could decrease, our costs could increase, and our business, results of operations and financial condition could be harmed.

Through our relationships with third parties, including payment processors such as Worldpay, we must comply with certain laws. Our failure to comply could materially harm our business.

The local, state and federal laws, rules, regulations, licensing schemes and industry standards that govern our business include, or may in the future include, those relating to underwriting, foreign exchange, payments services (such as money transmission), anti-money laundering, combating terrorist financing, escheatment, international sanctions regimes and other applicable rules, regulations, and laws.

As we expand into new jurisdictions, the number of foreign laws, rules, regulations, licensing schemes and standards governing our business will expand as well. In addition, as our business and solutions continue to develop and expand, we may become subject to additional laws, rules, regulations, licensing schemes and standards. We may not always be able to accurately predict the scope or applicability of certain laws, rules, regulations, licensing schemes, or standards to our business, particularly as we expand into new areas of operations, which could have a significant negative effect on our existing business and our ability to pursue future plans.

Evaluation of our compliance efforts, as well as the questions of whether and to what extent our solutions and services could be considered money transmission, are matters of regulatory interpretation and could change over time. We have taken the position that in all cases where we do not participate in the authorization of transactions, flow of funds or settlement of funds, that a solution or service does not meet the definition of a "money service business" under the Bank Secrecy Act, 31 USC 5311 (and therefore we are not subject to the requirements set forth in the BSA and its implementing regulations). In the future, if regulators disagree with our position with respect to money transmission or other potentially applicable laws, including those related to money transmission, or if new guidance or interpretations thereof are issued, we could be subject to investigations and resulting liability, including governmental fines, restrictions on our business, or other sanctions, and we could be forced to cease conducting certain aspects of our business with residents of certain jurisdictions, be forced to change our business practices in certain jurisdictions, or be required to obtain licenses or regulatory approvals, including state money transmitter licenses. There can be no assurance that we will be able to obtain or maintain any such licenses, and, even if we were able to do so, there could be substantial costs and potential changes to our solutions or services involved in maintaining such licenses, which could have a material and adverse effect on our business. In addition, we could be subject to fines or other enforcement action if we are found to violate disclosure, reporting, anti-money laundering, capitalization, corporate governance, or other requirements of such licenses. These factors could impose substantial additional costs, involve considerable delay to the development or provision of our solutions or services, require significant and costly operational changes, or prevent us from providing our solutions or services in any given market.

If we fail to comply with complex procurement laws and regulations with respect to government contracts, we could lose business and be liable for various penalties.

We must comply with laws and regulations relating to the formation, administration and performance of government contracts, which affect how we conduct business with certain governmental entities. In complying with these laws and regulations, we may incur additional costs. Any non-compliance could result in the imposition of significant fines and penalties, including contractual damages, and impact our ability to obtain additional business in the future. Our governmental entity clients periodically review our compliance with their contracts and our performance under the terms of such contracts. If we fail to comply with these contracts, laws and regulations, we may also suffer harm to our reputation, which could impair our ability to win awards of contracts in the future or receive renewals of existing contracts.

Our sending of commercial emails and text messages and certain other telephonic services must comply with the Telephone Consumer Protection Act, and future legislation, regulatory actions, or litigation could adversely affect our business.

The United States regulates marketing by telephone and email and the laws and regulations governing the use of emails and telephone calls for marketing purposes continue to evolve, and changes in technology, the marketplace or consumer preferences may lead to the adoption of additional laws or regulations or changes in interpretation of existing laws or regulations. New laws or regulations, or changes to the manner in which existing laws and regulations or interpreted or enforced, may further restrict our ability to contact potential and existing customers by phone and email and could render us unable to communicate with consumers in a cost-effective fashion. For example, in the United States, the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (the “CAN-SPAM Act”), among other things, obligates the sender of commercial emails to provide recipients with the ability to opt out of receiving future commercial emails from the sender.

In addition, the Telephone Consumer Protection Act (the “TCPA”) is a federal statute that protects consumers from unwanted telephone calls and faxes. Since its inception, the TCPA’s purview has extended to certain text messages sent to consumers. We must ensure that our services, including those that leverage text messaging, comply with the TCPA, including its implementing regulations and agency guidance. The scope and interpretation of the TCPA is continuously evolving and developing. While we strive to adhere to strict policies and procedures compliant with the TCPA, a court or the Federal Communications Commission (the “FCC”), as the agency that implements and enforces the TCPA, may disagree with our interpretation of the TCPA and subject us to penalties and other consequences for noncompliance.

Failure to comply with obligations and restrictions related to telephone, text message and email marketing could subject us to lawsuits, fines, statutory damages, consent decrees, injunctions, adverse publicity and other losses that could harm our business. In addition, we provide certain services to our customers that involve text messaging that could be deemed to be automated dialing systems subject to restrictions under the TCPA. Consumers may bring, and have in the past brought, suit against us under the TCPA based on our services or our customers’ use of our services.

In particular, determination by a court or regulatory agency that our services or our customers’ use of our services violate the TCPA could subject us to civil damages and penalties, could invalidate all or portions of some of our client contracts, could require us to change or terminate some portions of our business, could require us to refund portions of our services fees and could have an adverse effect on our business. Even an unsuccessful challenge by consumers or regulatory authorities to our services could result in adverse publicity and could require a costly response from us. In addition, any uncertainty regarding whether and how the TCPA applies to our business could increase our costs, limit our ability to grow, and have an adverse effect on our business.

We are subject to anti-corruption, anti-bribery and similar laws, and non-compliance with such laws can subject us to criminal or civil liability and harm our business.

We are subject to the Foreign Corrupt Practices Act (“FCPA”), U.S. domestic bribery laws, and other anti-corruption laws. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit companies, their employees and their third-party intermediaries from authorizing, offering, or providing, directly or indirectly, improper payments or benefits to recipients in the public sector. These laws also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions. As we increase our international cross-border business and expand operations abroad, we may engage with business partners and third-party intermediaries to market our services and to obtain necessary permits, licenses and other regulatory approvals. In addition, we or our third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. We can be held liable for the corrupt or other illegal activities of these third-party intermediaries, our employees, representatives, contractors, partners, and agents, even if we do not explicitly authorize such activities. As we increase our international business, our risks under these laws may increase.

Detecting, investigating and resolving actual or alleged violations of anti-corruption laws can require a significant diversion of time, resources and attention from senior management. In addition, noncompliance with anti-corruption or anti-bribery laws could subject us to whistleblower complaints, investigations, sanctions, settlements, prosecution, enforcement actions, fines, damages, other civil or criminal penalties, injunctions, suspension or debarment from contracting with certain persons, reputational harm, adverse media coverage and other collateral consequences. If any subpoenas are received or investigations are launched, or governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal proceeding, our business, operating results and financial condition could be materially harmed. In addition, responding to any action will likely result in a materially significant diversion of management’s attention and resources and significant defense costs and other professional fees.

The healthcare industry is heavily regulated at the local, state and federal levels. Our failure to comply with regulatory requirements could create liability for us or our customers, result in adverse publicity and negatively affect our business.

As one of our three key verticals is Health Services, our operations and relationships, and those of our customers, are regulated by a number of federal, state and local governmental entities. The healthcare industry is heavily regulated and laws, regulations and industry standards are constantly evolving due to the changing political, legislative and regulatory landscapes. There are a significant number of wide-ranging healthcare laws and regulations, including but not limited to those described below, that may be directly or indirectly applicable to our operations and relationships or the business practices of our clients. Healthcare laws and regulations may change rapidly, and it is frequently unclear how they apply to our business. Any failure of our solutions or services to comply with these laws and regulations could result in substantial civil or criminal liability and could, among other things, adversely affect demand for our services, invalidate all or portions of some of our contracts with our customers, require us to change or terminate some portions of our business, require us to refund portions of our revenue, cause us to be disqualified from serving customers doing business with government payers and give our customers the right to terminate our contracts with them, any one of which could have an adverse effect on our business, results of operations and financial condition.

Healthcare Fraud. A number of federal and state laws, including the U.S. federal Anti-Kickback Statute ("AKS") and laws prohibiting the submission of false or fraudulent claims, such as the False Claims Act apply to healthcare providers and others that provide, offer, solicit or receive payments to induce or reward referrals of items or services for which payment may be made under any federal or state healthcare program and, under certain state laws, any third-party payor. These laws are complex and their application to our specific services and relationships may not be clear and may be applied to our business in ways that we do not anticipate. Federal and state regulatory and law enforcement authorities have recently increased fraud and abuse enforcement activities, including in the healthcare IT industry. Additionally, from time to time, participants in the healthcare industry receive inquiries or subpoenas to produce documents in connection with government investigations.

In addition, our solutions and services include electronically transmitting claims for services and items rendered by providers to payers for approval and reimbursement. We also provide revenue cycle management services to our clients that include the coding, preparation, submission and collection of claims for medical service to payers for reimbursement. Such claims are governed by U.S. federal and state laws. The federal civil False Claims Act ("FCA") imposes civil penalties on any persons that knowingly submit, or cause to be submitted, a false or fraudulent claim to a federal health care program such as Medicare or Medicaid. U.S. federal law may also impose criminal penalties for intentionally submitting such false claims. Further, the FCA contains a whistleblower provision that allows a private individual to file a lawsuit on behalf of the U.S. government and entitles that whistleblower to a percentage of any recoveries. In addition, the government may assert that a claim including items and services resulting from a violation of the AKS constitutes a false or fraudulent claim for purposes of the False Claims Act.

It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations, agency guidance or case law involving applicable fraud and abuse or other healthcare laws and regulations. We may be subject to government investigations, and if our operations are found to be in violation of these laws, we may be subject to significant fines and penalties, including civil, criminal and administrative penalties, damages, exclusion from Medicare, Medicaid or other government-funded healthcare programs, integrity oversight and reporting obligations to resolve allegations of non-compliance, disgorgement, imprisonment, contractual damages, reputational harm, diminished profits and the curtailment or restructuring of our operations. Any investigation or proceeding related to these laws, even if unwarranted or without merit, may have a material adverse effect on our business, results of operations and financial condition.

Security and Privacy of Health-Related Information. Federal, state and local laws regulate the privacy and security of health-related information and the circumstances under which such health-related information may be used, disclosed, transmitted and maintained. For example, HIPAA regulations require the use of uniform electronic data transmission standards and code sets for certain health care claims and payment transactions submitted or received electronically. The privacy and security regulations promulgated under HIPAA regulate the use and disclosure of individually identifiable health information, and impose privacy and security requirements on covered entities and their business associates. HIPAA requires covered entities and business associates to develop and maintain policies with respect to the protection of, use and disclosure of PHI, including the adoption of administrative, physical and technical safeguards to protect electronic PHI and certain notification requirements in the event of a data breach. The Company's operations could be negatively impacted by a violation of the HIPAA privacy, security or breach notification rules. Additionally, if the Company or any of its downstream / subcontractor business associates fails to comply with HIPAA or contractual requirements, or create or are otherwise involved in a HIPAA data breach, the Company may face significant fines and penalties, ongoing compliance requirements, reputational harm, contractual reimbursement, recoupment or other obligations and private litigation brought by impacted individuals.

Promoting Interoperability Programs and Health IT Certification. We are subject to laws and regulations governing our use of health record technology. While a combination of our solutions has been certified as meeting standards for certified electronic health record technology, the regulatory standards to achieve certification will continue to evolve over time. We may incur increased development

costs and delays in delivering solutions if we need to upgrade our software or healthcare devices to be in compliance with these varying and evolving standards. In addition, further delays in interpreting these standards may result in postponement or cancellation of our clients' decisions to purchase our software solutions. If our software solutions are not compliant with these evolving standards, our relationships with current customers, market position and sales could be impaired and we may have to invest significantly in changes to our software solutions.

Information Blocking and Interoperability Rules. Federal rules implementing the 21st Century Cures Act require developers of certified EHRs and health IT products to adopt standardized application programming interfaces, which will help allow individuals to securely and easily access structured and unstructured electronic health information formats using smartphones and other mobile devices. These rules create a potentially lengthy list of certification and maintenance of certification requirements that developers of EHRs and other health IT products must meet in order to maintain approved federal government certification status. Meeting and maintaining this certification status could require additional development costs. Under the 21st Century Cures Act, HHS has the regulatory authority to investigate and assess civil monetary penalties against health IT developers and/or providers found to be guilty of "information blocking." Any failure to comply with these rules could have a material adverse effect on our business, results of operations and financial condition.

Risks Related to Ownership of Our Common Stock

Our stock price may be volatile or may decline regardless of our operating performance, resulting in substantial losses for investors.

The market price of our common stock may fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- actual or anticipated fluctuations in our financial conditions and results of operations;
- the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- failure of securities analysts to initiate or maintain coverage of our company, changes in financial estimates or ratings by any securities analysts who follow our company or our failure to meet these estimates or the expectations of investors;
- announcements by us or our competitors of significant technical innovations, acquisitions, strategic partnerships, joint ventures, results of operations or capital commitments;
- changes in stock market valuations and operating performance of other technology companies generally, or those in our industry in particular;
- price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole;
- changes in our board of directors or management;
- sales of large blocks of our common stock, including sales by certain affiliates of Providence Strategic Growth, Silver Lake or our executive officers and directors;
- lawsuits threatened or filed against us;
- anticipated or actual changes in laws, regulations or government policies applicable to our business;
- changes in our capital structure, such as future issuances of debt or equity securities;
- short sales, hedging and other derivative transactions involving our capital stock;
- general economic conditions in the United States;
- other events or factors, including those resulting from war (including the ongoing war in Ukraine), pandemics (including COVID-19), incidents of terrorism or responses to these events; and
- the other factors described in this "Risk Factors" section of this Annual Report on Form 10-K.

The stock market has recently experienced extreme price and volume fluctuations. The market prices of securities of companies have experienced fluctuations that often have been unrelated or disproportionate to their results of operations. Market fluctuations could result in extreme volatility in the price of shares of our common stock, which could cause a decline in the value of your investment. Price volatility may be greater if the public float and trading volume of shares of our common stock is low. Furthermore, in the past, stockholders have sometimes instituted securities class action litigation against companies following periods of volatility in the market price of their securities. Any similar litigation against us could result in substantial costs, divert management's attention and resources, and harm our business, financial condition and results of operations.

The parties to our sponsor stockholders agreement hold a substantial portion of our outstanding common stock, and such parties interests may conflict with our interests and the interests of other stockholders.

The parties to our sponsor stockholders agreement own approximately 81.6% of our common stock. We have agreed to nominate to our board of directors individuals designated by Providence Strategic Growth and Silver Lake in accordance with the sponsor stockholders agreement. Providence Strategic Growth and Silver Lake will each retain the right to designate directors for so long as they beneficially own at least 5% of the aggregate number of shares of common stock outstanding. In addition, for so long as Providence Strategic Growth and Silver Lake collectively beneficially own at least 30% of the aggregate number of shares of common stock outstanding, certain actions by us or any of our subsidiaries will require the prior written consent of each of Providence Strategic Growth and Silver Lake so long as such stockholder is entitled to designate at least two (2) directors for nomination to our board of directors. The actions that will require prior written consent include: (i) change in control transactions, (ii) acquiring or disposing of assets or any business enterprise or division thereof for consideration in excess of $500.0 million in any single transaction or series of transactions, (iii) increasing or decreasing the size of our board of directors, (iv) terminating the employment of our chief executive officer or hiring a new chief executive officer, (v) initiating any liquidation, dissolution, bankruptcy or other insolvency proceeding involving us or any of our significant subsidiaries and (vi) any transfer, issue, issuance, sale or disposition of any shares of common stock, other equity securities, equity-linked securities or securities that are convertible into equity securities of us or our subsidiaries to any person or entity that is a non-strategic financial investor in a private placement transaction or series of transactions.

Even when the parties to our sponsor stockholders agreement cease to own shares of our stock representing a majority of the total voting power, for so long as the parties to such agreement continue to own a significant percentage of our stock, they will still be able to significantly influence or effectively control the composition of our board of directors and the approval of actions requiring stockholder approval through their voting power. In addition, pursuant to the sponsor stockholder agreement, we are generally required to obtain the prior written consent of the parties to our sponsor stockholders agreement before we or our subsidiaries undertake certain actions. Accordingly, for such period of time, the parties to our sponsor stockholders agreement will have significant influence with respect to our management, business plans and policies. In particular, for so long as the parties to our sponsor stockholders agreement continue to own a significant percentage of our stock, the parties to such agreement may be able to cause or prevent a change of control of our Company or a change in the composition of our board of directors, and could preclude any unsolicited acquisition of our Company. The concentration of ownership could deprive you of an opportunity to receive a premium for your shares of common stock as part of a sale of our Company and ultimately might affect the market price of our common stock.

Further, our amended and restated certificate of incorporation provides that the doctrine of “corporate opportunity” does not apply with respect to certain parties to our stockholders agreements or their affiliates (other than us and our subsidiaries), and any of their respective principals, members, directors, partners, stockholders, officers, employees or other representatives (other than any such person who is also our employee or an employee of our subsidiaries), or any director or stockholder who is not employed by us or our subsidiaries. See “-Our amended and restated certificate of incorporation provides that the doctrine of “corporate opportunity” does not apply with respect to certain parties to our stockholders agreements and any director or stockholder who is not employed by us or our subsidiaries.”

Substantial future sales by the parties to our stockholders agreements or other holders of our common stock, or the perception that such sales may occur, could depress the price of our common stock.

The parties to our stockholders agreements collectively own approximately 86.6% of our outstanding shares of common stock. In addition to the limitations on the sale and transfer of shares of common stock held by such stockholders as set forth in the stockholders agreements, subject to the restrictions described in the paragraph below, future sales of these shares in the public market will be subject to the volume and other restrictions of Rule 144 under the Securities Act, for so long as such parties are deemed to be our affiliates, unless the shares to be sold are registered with the SEC. These stockholders are entitled to rights with respect to the registration of their shares. We are unable to predict with certainty whether or when such parties will sell a substantial number of shares of our common stock. The sale by the parties to our stockholders agreements of a substantial number of shares, or a perception that such sales could occur, could significantly reduce the market price of our common stock. Shares of our common stock offered in our initial public offering are freely tradable without restriction, assuming they are not held by our affiliates.

We filed registration statements on Form S-8 registering under the Securities Act the shares of our common stock reserved for issuance under our incentive plan. If equity securities granted under our incentive plan are sold or it is perceived that they will be sold in the public market, the trading price of our common stock could decline substantially. These sales also could impede our ability to raise future capital.

We are a "controlled company" under the corporate governance rules of The Nasdaq Stock Market and, as a result, qualify for, and rely on, exemptions from certain corporate governance requirements. You do not have the same protections afforded to stockholders of companies that are subject to such requirements.

Certain affiliates of Providence Strategic Growth and Silver Lake own approximately 81.6% of our common stock and are parties, among others, to the sponsor stockholders agreement. The parties to the sponsor stockholders agreement have agreed to vote, or cause to vote, all of their outstanding shares of our common stock at any annual or special meeting of stockholders in which directors are elected, so as to cause the election of the directors nominees designated by each party. As a result, we are a "controlled company" within the meaning of the corporate governance standards of the rules of The Nasdaq Stock Market ("Nasdaq"). Under these rules, a listed company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of its board of directors consist of independent directors;
- the requirement that its director nominations be made, or recommended to the full board of directors, by its independent directors or by a nominations committee that is comprised entirely of independent directors and that it adopt a written charter or board resolution addressing the nominations process; and
- the requirement that it have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities.

We do not intend to rely on all of these exemptions. However, as long as we remain a "controlled company," we may elect in the future to take advantage of any of these exemptions. As a result of any such election, our board of directors would not have a majority of independent directors, our compensation committee would not consist entirely of independent directors and our directors would not be nominated or selected by independent directors. Accordingly, you do not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the rules of Nasdaq.

If securities or industry analysts do not publish research or reports about our business, or they publish negative reports about our business, our share price and trading volume could decline.

The trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about us or our business, our market and our competitors. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our shares or publish negative views on us or our shares, our share price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

We are an "emerging growth company" and our compliance with the reduced reporting and disclosure requirements applicable to "emerging growth companies" may make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act, and we have elected to take advantage of certain exemptions and relief from various reporting requirements that are applicable to other public companies that are not "emerging growth companies." These provisions include, but are not limited to: being exempt from compliance with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act; being exempt from any rules that could be adopted by the Public Company Accounting Oversight Board requiring mandatory audit firm rotations or a supplement to the auditor's report on financial statements; being subject to reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements; and not being required to hold nonbinding advisory votes on executive compensation or on any golden parachute payments not previously approved.

In addition, while we are an "emerging growth company," we will not be required to comply with any new financial accounting standard until such standard is generally applicable to private companies. As a result, our financial statements may not be comparable to companies that are not "emerging growth companies" or elect not to avail themselves of this provision.

We may remain an "emerging growth company" until as late as December 31, 2026, the fiscal year-end following the fifth anniversary of the completion of our initial public offering, though we may cease to be an "emerging growth company" earlier under certain circumstances, including if (i) we have more than $1.235 billion in annual revenue in any fiscal year, (ii) we become a "large accelerated filer," with at least $700 million of equity securities held by non-affiliates as of the end of the second quarter of that fiscal year or (iii) we issue more than $1.0 billion of non-convertible debt over a three-year period. The exact implications of the JOBS Act are still subject to interpretations and guidance by the SEC and other regulatory agencies, and we cannot assure you that we will be able to take advantage of all of the benefits of the JOBS Act. In addition, investors may find our common stock less attractive to the extent we rely on the exemptions and relief granted by the JOBS Act. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may decline or become more volatile.

We incur 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 a public company, we incur significant legal, accounting and other expenses that we did not incur as a private company. We are subject to the reporting requirements of the Exchange Act, which require, among other things, that we file with the SEC annual, quarterly and current reports with respect to our business and financial condition. In addition, the Sarbanes-Oxley Act, as well as rules subsequently adopted by the SEC and Nasdaq to implement provisions of the Sarbanes-Oxley Act, impose significant requirements on public companies, including requiring establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. Further, in July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") was enacted. There are significant corporate governance and executive compensation related provisions in the Dodd-Frank Act that require the SEC to adopt additional rules and regulations in these areas such as "say on pay" and proxy access. Emerging growth companies are permitted to implement many of these requirements over a longer period and up to five years from the IPO. We intend to take advantage of this legislation for as long as we are permitted to do so. Once we become required to implement these requirements, we will incur additional compliance-related expenses. Stockholder activism, the current political environment and the current high level of government intervention and regulatory reform may lead to substantial new regulations and disclosure obligations, which may lead to additional compliance costs and impact the manner in which we operate our business in ways we cannot currently anticipate.

We expect the rules and regulations applicable to public companies to continue to increase our legal and financial compliance costs and to make some activities more time-consuming and costly. If these requirements divert the attention of our management and personnel from other business concerns, they could have a material adverse effect on our business, financial condition and results of operations. The increased costs adversely impact our net income or net loss, and may require us to reduce costs in other areas of our business or increase the prices of our solutions or services. For example, these rules and regulations have made it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to incur substantial costs to maintain the same or similar coverage. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these requirements. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers.

In addition, public company reporting and disclosure obligations may lead to threatened or actual litigation from time to time. If such claims are successful, our business, operating results and financial condition may be adversely affected, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them and the diversion of management resources, could adversely affect our business, operating results and financial condition.

Delaware law and provisions in our amended and restated certificate of incorporation and amended and restated bylaws could make a merger, tender offer or proxy contest more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our common stock.

Certain provisions in our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make the acquisition of our company more difficult, including the following:

- amendments to certain provisions of our amended and restated certificate of incorporation or amendments to our amended and restated bylaws generally require the approval of at least 66 2/3% of the voting power of our outstanding capital stock;
- our staggered board;
- at any time when the parties to our sponsor stockholders agreement beneficially own, in the aggregate, at least a majority of the voting power of our outstanding capital stock, our stockholders may take action by consent without a meeting, and at any time when the parties to our sponsor stockholders agreement beneficially own, in the aggregate, less than the majority of the voting power of our outstanding capital stock, our stockholders may not take action by written consent, but may only take action at a meeting of stockholders;
- our amended and restated certificate of incorporation does not provide for cumulative voting;
- vacancies on our board of directors may be filled only by our board of directors and not by stockholders, subject to the rights granted pursuant to the stockholders agreements;
- a special meeting of our stockholders may only be called by the chairperson of our board of directors, our Chief Executive Officer or a majority of our board of directors;
- unless we otherwise consent in writing, restrict the forum for certain litigation against us to Delaware or the federal courts, as applicable;
- our board of directors has the authority to issue shares of undesignated preferred stock, the terms of which may be established and shares of which may be issued without further action by our stockholders; and

- advance notice procedures apply for stockholders (other than the parties to our stockholders agreements for nominations made pursuant to the terms of the stockholders agreements) to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders.

In addition, we have opted out of Section 203 of the Delaware General Corporation Law, but our amended and restated certificate of incorporation provides that engaging in any of a broad range of business combinations with any "interested stockholder" (generally defined as any person who, together with that person's affiliates and associates, owns, 15% or more of our outstanding voting stock) for a period of three years following the date on which the stockholder became an "interested stockholder" is prohibited, provided, however, that, under our amended and restated certificate of incorporation, the parties to our sponsor stockholders agreement and their respective affiliates will not be deemed to be interested stockholders regardless of the percentage of our outstanding voting stock owned by them, and accordingly will not be subject to such restrictions.

These provisions, alone or together, could discourage, delay or prevent a transaction involving a change in control of our company. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors of their choosing and to cause us to take other corporate actions they desire, any of which, under certain circumstances, could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock.

Our amended and restated certificate of incorporation provided that the doctrine of "corporate opportunity" does not apply with respect to certain parties to our stockholders agreements and any director or stockholder who is not employed by us or our subsidiaries.

The doctrine of corporate opportunity generally provides that a corporate fiduciary may not develop an opportunity using corporate resources, acquire an interest adverse to that of the corporation or acquire property that is reasonably incident to the present or prospective business of the corporation or in which the corporation has a present or expectancy interest, unless that opportunity is first presented to the corporation and the corporation chooses not to pursue that opportunity. The doctrine of corporate opportunity is intended to preclude officers or directors or other fiduciaries from personally benefiting from opportunities that belong to the corporation. Pursuant to our amended and restated certificate of incorporation, we renounce, to the fullest extent permitted by law and in accordance with Section 122(17) of the Delaware General Corporation Law all interest and expectancy that we otherwise would be entitled to have in, and all rights to be offered an opportunity to participate in, any opportunity that may be presented to Providence Strategic Growth, Silver Lake or their affiliates (other than us and our subsidiaries), and any of their respective principals, members, directors, partners, stockholders, officers, employees or other representatives (other than any such person who is also our employee or an employee of our subsidiaries), or any director or stockholder who is not employed by us or our subsidiaries. Providence Strategic Growth and Silver Lake or their affiliates and any director or stockholder who is not employed by us or our subsidiaries, therefore, have no duty to communicate or present corporate opportunities to us, and have the right to either hold any corporate opportunity for their (and their affiliates') own account and benefit or to recommend, assign or otherwise transfer such corporate opportunity to persons other than us, including to any director or stockholder who is not employed by us or our subsidiaries. As a result, certain of our stockholders, directors and their respective affiliates are not prohibited from operating or investing in competing businesses. We, therefore, may find ourselves in competition with certain of our stockholders, directors or their respective affiliates, and we may not have knowledge of, or be able to pursue, transactions that could potentially be beneficial to us. Accordingly, we may lose a corporate opportunity or suffer competitive harm, which could negatively impact our business, operating results and financial condition.

Our amended and restated certificate of incorporation provided that the Court of Chancery of the State of Delaware is the sole and exclusive forum for certain stockholder litigation matters and the federal district courts of the United States is the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or stockholders.

Our amended and restated certificate of incorporation provides that, unless we otherwise consent in writing, (A) (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, other employee or stockholder of the Company to the Company or the Company's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws (as either may be amended or restated) or as to which the Delaware General Corporation Law confers exclusive jurisdiction on the Court of Chancery of the State of Delaware or (iv) any action asserting a claim governed by the internal affairs doctrine of the law of the State of Delaware shall, to the fullest extent permitted by law, be exclusively brought in the Court of Chancery of the State of Delaware or, if such court does not have subject matter jurisdiction thereof, the federal district court of the State of Delaware; and (B) the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all claims brought to enforce any duty or liability created

by the Securities Act or the rules and regulations thereunder. Our decision to adopt such a federal forum provision followed a decision by the Supreme Court of the State of Delaware holding that such provisions are facially valid under Delaware law. While there can be no assurance that federal or state courts will follow the holding of the Delaware Supreme Court or determine that our federal forum provision should be enforced in a particular case, application of our federal forum provision means that suits brought by our stockholders to enforce any duty or liability created by the Securities Act must be brought in federal court and cannot be brought in state court.

Notwithstanding the foregoing, the exclusive forum provision does not apply to claims seeking to enforce any liability or duty created by the Exchange Act. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all claims brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Accordingly, actions by our stockholders to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder must be brought in federal court.

The choice of forum provision in our amended and restated certificate of incorporation may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees, although our stockholders will not be deemed to have waived our compliance with federal securities laws and the rules and regulations thereunder. Alternatively, if a court were to find the choice of forum provision contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, results of operations and financial condition. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of our capital stock shall be deemed to have notice of and consented to the forum provisions in our amended and restated certificate of incorporation.

General Risk Factors

Because we maintain and may expand our business that is located outside of the United States, our business is susceptible to risks associated with international operations.

We maintain operations outside of the United States, including in Canada, the UK, Australia, Jordan and New Zealand, which we may expand in the future. Conducting and expanding international operations subjects us to new risks that we have not generally faced in the United States. These include:

- exposure to foreign currency exchange rate risk;
- difficulties in collecting payments internationally, and managing and staffing international operations;
- establishing relationships with employees, independent contractors, subcontractors and suppliers in international locations;
- the increased travel, infrastructure and legal compliance costs associated with international locations;
- the burdens of complying with a wide variety of laws associated with international operations, including data privacy and security, taxes and customs;
- significant fines, penalties and collateral consequences if we fail to comply with anti-bribery laws;
- heightened risk of improper, unfair or corrupt business practices in certain geographies;
- potentially adverse tax consequences, including in connection with repatriation of earnings;
- increased financial accounting and reporting burdens and complexities;
- political, social and economic instability abroad, terrorist attacks and security concerns in general; and
- reduced or varied protection for intellectual property rights in some countries.

We utilize and may in the future increase our utilization of independent contractors in a number of jurisdictions in which we operate, including India, Russia, Ukraine and Jordan. We currently depend on these independent contractors for certain software development activities. Our dependence on third-party contractors creates a number of risks, in particular, the risk that we may not maintain development quality, control, or effective management with respect to these business operations. In addition, poor relations between the United States and Russia, sanctions by the United States and the EU against Russia, ongoing conflict in Ukraine and Israel or the spreading or escalation of political tensions or economic instability in surrounding areas could have an adverse impact on our third-party software development in Russia, Ukraine and Jordan. In particular, increased tensions among the United States, the North Atlantic Treaty Organization and Russia, including the invasion of Ukraine by Russia, could increase the threat of armed conflict, cyberwarfare and economic instability that could disrupt or delay the operations of our resources in Russia and Ukraine, disrupt or delay our communications with such resources or the flow of funds to support their operations, or otherwise render our resources unavailable.

Changes in accounting rules, assumptions and/or judgments could materially and adversely affect us.

Accounting rules and interpretations for certain aspects of our operations are highly complex and involve significant assumptions and judgment. These complexities could lead to a delay in the preparation and dissemination of our financial statements. Furthermore, changes in accounting rules and interpretations or in our accounting assumptions and/or judgments could significantly impact our financial statements. In some cases, we could be required to apply a new or revised standard retroactively, resulting in restating prior period financial statements. Any of these circumstances could have a material adverse effect on our business, prospects, liquidity, financial condition and results of operations.

Litigation and the outcomes of such litigation could negatively impact our future financial condition and results of operations.

We are, from time to time, subject to various litigation and legal proceedings. As a public company, we may be subject to proceedings across a variety of matters, including matters involving stockholder class actions, tax audits, unclaimed property audits and related matters, employment and others. For example, 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 of Directors (the "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 Balwdin, 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 outcome of litigation and other legal proceedings and the magnitude of potential losses therefrom, particularly class action lawsuits and regulatory actions, is difficult to assess or quantify. Also, our insurance coverage may be insufficient, our assets may be insufficient to cover any amounts that exceed our insurance coverage, and we may have to pay damage awards or otherwise may enter into settlement arrangements in connection with such claims. Any such payments or settlement arrangements in current or future litigation could have a material adverse effect on our business, operating results or financial condition. Even if the plaintiffs' claims are not successful, current or future litigation could result in substantial costs and significantly and adversely impact our reputation and divert management's attention and resources, which could have a material adverse effect on our business, operating results and financial condition, and negatively affect the price of our common stock.

We may be subject to additional tax liabilities in connection with our operations or due to future legislation, each of which could materially impact our financial position and results of operation.

We are subject to federal and state income, sales, use, value added and other taxes in the United States and other countries in which we conduct business, and such laws and rates vary by jurisdiction. We do not collect sales and use, value added and similar taxes in all jurisdictions in which we have sales, based on our belief that such taxes are not applicable. Certain jurisdictions in which we do not collect sales, use, value added or other taxes on our sales may assert that such taxes are applicable, which could result in tax assessments, penalties and interest, and we may be required to collect such taxes in the future. Similarly, non-U.S. jurisdictions have imposed or proposed digital services taxes, including in connection with the Organization for Economic Co-Operation and Development's ("OECD") Base Erosion and Profit Shifting ("BEPS") Project. These taxes, whether imposed unilaterally by non-U.S. jurisdictions or in response to multilateral measures (e.g., the "BEPS Project"), could result in taxation of companies that have customers in a particular jurisdiction but do not operate there through a permanent establishment. Changes to tax law or administration such as these, whether at the state level or the international level, could increase our tax administrative costs and tax risk and negatively affect our overall business, results of operations, financial condition and cash flows.

Although we believe our tax practices and provisions are reasonable, the final determination of tax audits and any related litigation could be materially different from our historical tax practices, provisions and accruals. If we receive an adverse ruling as a result of an audit, or we unilaterally determine that we have misinterpreted provisions of the tax regulations to which we are subject, there could be a material effect on our tax provision, net income or cash flows in the period or periods for which that determination is made, which could materially impact our financial results. In addition, liabilities associated with taxes are often subject to an extended or indefinite statute of limitations period. Therefore, we may be subject to additional tax liability (including penalties and interest) for a particular year for extended periods of time. Further, any changes in the taxation of our activities, may increase our effective tax rate and adversely affect our financial position and results of operations. For example, the United States government may enact significant changes to the taxation of business entities (such as the 2022 United States Inflation Reduction Act which, among other changes, introduced a 15% corporate minimum tax on certain United States corporations and a 1% excise tax on certain stock redemptions by

United States corporations). We are unable to predict what tax reforms may be proposed or enacted in the future or what effect such changes would on our business.

We do not intend to pay dividends for the foreseeable future.

We currently intend to retain any future earnings to finance the operation and expansion of our business and we do not expect to declare or pay any dividends in the foreseeable future. Moreover, the terms of our existing Credit Agreement, and the expected terms of our Credit Facilities, restrict our ability to pay dividends, and any additional debt we may incur in the future may include similar restrictions. In addition, Delaware law may impose requirements that may restrict our ability to pay dividends to holders of our common stock. As a result, stockholders must rely on sales of their common stock after price appreciation as the only way to realize any future gains on their investment.

We primarily depend on our subsidiaries for cash to fund operations and expenses, including future dividend payments, if any.

We do not conduct significant business operations of our own. As a result, we are largely dependent upon cash distributions and other transfers from our subsidiaries to meet our obligations and to make future dividend payments, if any. We do not currently expect to declare or pay dividends on our common stock for the foreseeable future; however, the agreements governing the indebtedness of our subsidiaries impose restrictions on our subsidiaries' ability to pay dividends or other distributions to us. See Part I, Item 2, "*Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources in this Annual Report on Form 10-K*." The deterioration of the earnings from, or other available assets of, our subsidiaries for any reason could impair their ability to make distributions to us.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Cybersecurity Risk Management and Strategy

We have developed and implemented a cybersecurity risk management program intended to protect the confidentiality, integrity, and availability of our critical systems and information. Our cybersecurity risk management program includes a cybersecurity incident response plan.

We design and assess our program based on the National Institute of Standards and Technology Cybersecurity Framework ("NIST CSF"). This does not imply that we meet any particular technical standards, specifications, or requirements, only that we use the NIST CSF as a guide to help us identify, assess, and manage cybersecurity risks relevant to our business.

Our cybersecurity risk management program is integrated into our overall enterprise risk management program, and shares common methodologies, reporting channels and governance processes that apply across the enterprise risk management program to other legal, compliance, strategic, operational, and financial risk areas.

Our cybersecurity risk management program includes:

- risk assessments designed to help identify material cybersecurity risks to our critical systems, information, products, services, and our broader enterprise IT environment;
- a security team principally responsible for managing (1) our cybersecurity risk assessment processes, (2) our security controls, and (3) our response to cybersecurity incidents;
- the use of external service providers, where appropriate, to assess, test or otherwise assist with aspects of our security controls;
- cybersecurity awareness training of our employees, incident response personnel, and senior management;
- a cybersecurity incident response plan that includes procedures for responding to cybersecurity incidents; and
- a third-party risk management process for certain service providers, suppliers, and vendors that have access to our critical systems and information.

We have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected or are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition.

Cybersecurity Governance

Our board of directors (the “Board”) considers cybersecurity risk as part of its risk oversight function and has delegated to the Audit Committee (“Committee”) oversight of cybersecurity and other information technology risks. The Committee oversees management’s implementation of our cybersecurity risk management program.

The Committee receives quarterly reports from management on our cybersecurity risks. In addition, management updates the Committee, as necessary, regarding any material cybersecurity incidents, as well as any incidents with lesser impact potential.

The Committee reports to the full Board regarding its activities, including those related to cybersecurity. The full Board also receives briefings from management on our cyber risk management program. Board members receive presentations on relevant cybersecurity topics from our Senior Vice President of Security Operations and internal security staff.

Our management team, including our Senior Vice President of Security Operations and the Security Operations team, is responsible for assessing and managing our material risks from cybersecurity threats. The Security Operations team has primary responsibility for our overall cybersecurity risk management program and supervises both our internal cybersecurity personnel and our retained external cybersecurity consultants and contractors. Our Security Operations team includes members with a variety and depth of experience in cybersecurity matters, with more than 80 years of combined cybersecurity experience amongst the team members and the Senior Vice President of Security Operations with more than 30 years of information technology and cybersecurity experience throughout his career. The Senior Vice President of Security Operations holds Certified Information Systems Security Professional and Certified Identity and Access Manager certifications, while the penetration testing team leader holds Offensive Security Certified Professional and Certified Red Team Operator certifications and the additional Security Operations team members hold a Security + certification.

Our Security Operations team, in coordination with our legal and compliance teams, supervises efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which may include briefings from internal security personnel; threat intelligence and other information obtained from governmental, public or private sources, including external consultants engaged by us; and alerts and reports produced by security tools deployed in the IT environment. Our Security Operations team meets monthly with key executives and management to provide updates regarding the Company’s cybersecurity efforts. For more information, see the section titled *“Risk Factor— 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.”*

Item 2. Properties

Our global corporate headquarters is located in Denver, Colorado, where we currently lease and occupy approximately 50,125 square feet of office space. The lease for this facility expires in 2031 with an option to extend the lease for an additional five years. In October 2023, the Company subleased approximately 24,000 square feet of the Denver office space for an initial three year period with an option for the subtenant to extend.

We also lease 16 additional office locations throughout the United States, three offices in Canada, two offices in the United Kingdom, and one office in Jordan, several of which include office spaces that are subleased to third parties. We do not own any real property.

We believe that these facilities are sufficient for our current needs and that additional space will be available to accommodate the expansion of our businesses should they be needed. Additionally, we also often take on leases when we acquire businesses, and we explore optimization of our overall lease footprint in conjunction with any new leases assumed in an acquisition.

Item 3. Legal Proceedings

We are from time to time subject to various legal proceedings, claims and governmental inspections, audits, or investigations that arise in or outside the ordinary course of our business. The information contained in *“Note 17 — Commitments and Contingencies”* in the Notes to the Consolidated Financial Statements is incorporated by reference into this Item.

Item 4. Mine Safety Disclosures

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock trades on the Nasdaq Global Select Market under the symbol "EVCM."

Holders

As of March 8, 2024, there were 66 registered holders of record of our common stock.

Dividend Policy

We have never declared or paid any cash dividends on our capital stock, and we do not currently intend to pay any cash dividends in the foreseeable future. We expect to retain future earnings, if any, to fund the development and growth of our business, including through acquisitions. Any decision to declare and pay dividends in the future will be made at the discretion of our Board and will depend on, among other things, our results of operations, financial condition, cash requirements, contractual restrictions and other factors that our Board may deem relevant. In addition, our ability to pay dividends is, and may be, limited by covenants of existing and any future outstanding indebtedness we or our subsidiaries incur, including under our Credit Facilities (as defined below).

Purchases of Equity Securities by the Issuer or Affiliated Purchaser

During the quarter ended December 31, 2023, we repurchased $26.0 million in shares of our common stock under our stock repurchase program, including transaction fees. The stock repurchase activity under our stock repurchase program during the quarter ended December 31, 2023 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 (1)	Approximate dollar value of shares that may yet be purchased under the plans or programs
	(in thousands, except per share and share amounts)			
October 1, 2023 - October 31, 2023	246,723	$ 9.91	246,723	$ 63,516
November 1, 2023 - November 30, 2023	515,268	$ 8.74	515,268	$ 59,012
December 1, 2023 - December 31, 2023	1,930,756	$ 9.86	1,930,756	$ 39,973
Total	2,692,747		2,692,747	

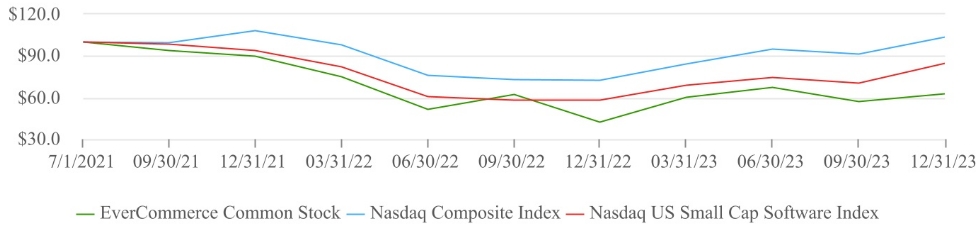
(1) On June 14, 2022, our Board approved a stock repurchase program (as subsequently amended, the "Repurchase Program") with authorization to purchase up to $50.0 million in shares of the Company's common stock through the expiration of the program on December 21, 2022. On November 7, 2022, our Board 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 approved an additional expansion of the Repurchase Program with authorization to purchase up to an additional $50.0 million in shares of our 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 our 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. We 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 us to acquire any particular amount of common stock and may be modified, suspended or terminated at any time at the discretion of the Board. We expect to fund repurchases with existing cash on hand.

Stock Performance Graph

The following performance graph and related information shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended, and shall not be incorporated by reference into any registration statement or other document filed by us with the SEC, whether made before or after the date of this Annual Report on Form 10-K, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in such filing.

The following graph and related information shows a comparison of the cumulative total return for our common stock, Nasdaq Composite Index and Nasdaq US Small Cap Software Index between July 1, 2021 (the date our common stock commenced trading on the Nasdaq) through December 31, 2023. All values assume an initial investment of $100 and reinvestment of any dividends. The comparisons are based on historical data and are not indicative of, nor intended to forecast, the future performance of our common stock.



	7/1/21	9/30/21	12/31/21	3/31/22	6/30/22	9/30/22	12/31/22	3/31/23	6/30/23	9/30/23	12/31/23
EverCommerce Common Stock	$ 100.00	$ 93.69	$ 89.49	$ 75.00	$ 51.36	$ 62.10	$ 42.27	$ 60.11	$ 67.27	$ 56.99	$ 62.67
Nasdaq Composite Index	$ 100.00	$ 99.49	$ 107.73	$ 97.92	$ 75.94	$ 72.82	$ 72.07	$ 84.16	$ 94.94	$ 91.03	$ 103.37
Nasdaq US Small Cap Software Index	$ 100.00	$ 98.17	$ 93.88	$ 81.86	$ 60.33	$ 57.95	$ 57.85	$ 68.60	$ 73.99	$ 70.25	$ 84.36

Recent Sales of Unregistered Securities

The Company did not sell any equity securities during the year ended December 31, 2023 that were not registered under the Securities Act.

Item 6.

[Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Unless the context requires otherwise, references in this report to "EverCommerce Inc.," 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 consolidated financial statements and related notes appearing elsewhere in this Annual Report on Form 10-K. Additionally, our historical results are not necessarily indicative of the results that may be expected for any period in the future. An analysis of our results of operations and cash flows for the year ended December 31, 2021, including a discussion of the year ended December 31, 2022 as compared to the year ended December 31, 2021, has been reported previously in our Annual Report on Form 10-K for the year ended December 31, 2022 filed with the Securities and Exchange Commission ("SEC") on March 16, 2023, under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations."

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 integrated 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 VoC insights and manage the customer experience lifecycle. These applications include: customer health scoring, customer support systems, real-time alerts, NPS-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.

- 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 Engagement 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 though group purchasing programs.
- 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.

Our business benefits from attractive unit economics. Approximately 97% of our revenue in the years ended December 31, 2023 and 2022 was recurring or re-occurring, and we maintained an annualized net pro forma revenue retention rate of approximately 95% for the quarter ended December 31, 2023. Excluding our marketing technology solutions, our annualized net revenue retention rate for our core software and payments solutions was approximately 100% for the quarter ended December 31, 2023. 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 reoccurring 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 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 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.

This 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 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.

Impact of Macroeconomic Climate

The macroeconomic climate continues to see pressure from global developments such as international geopolitical conflicts, terrorism, a future pandemic, 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.

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 2. Summary of Significant Accounting Policies). We expect the transaction to close in two parts. The North American businesses, Club OS and ASF, have closed simultaneous with signing. The international businesses, ClubWise and MyPTHub, are expected to close during the third quarter of 2024 following customary closing conditions and regulatory approvals. The Company does not consider the sale of the asset disposal group to be a strategic shift that will have a material effect on its operations and financial results, and therefore it does not qualify for reporting as a discontinued operation.

Key Factors Affecting Our Performance

We believe that our performance and future success depend on a number of factors that present significant opportunities for us but also pose risks and challenges.

Acquiring New Customers

Sustaining our growth requires continued adoption of our solutions by new customers. Through organic growth of our business and acquisitions, the number of customers on our platform increased from over 685,000 at the end of 2022 to approximately 708,000 at the end of 2023. We will continue to invest in our efficient go-to-market strategy as we further penetrate our addressable markets. Our financial performance will depend in large part on the overall demand for our solutions from service SMBs.

Expand Revenue and Margin from Existing Customers

We believe we have the opportunity to drive incremental revenue growth from our existing customer base through increased cross-selling and up-selling adjacent solutions. Our integrated SaaS solutions allow us to offer customers additional capabilities across their entire customer engagement lifecycle including digital payments, customer engagement and marketing technology. As we continue to develop, acquire and transform our solutions, we aim to continue adding value to our customers by displacing point-solution competitors and legacy, manual methods with our integrated digital offerings, increasing our revenue and improving customer experience and retention. A primary focus for revenue expansion focuses on cross-selling payments solutions to customers in an effort to prioritize margin growth. We also generate subscription and marketing technology revenue from cross-selling our Customer Engagement and Marketing Technology Solutions across our customer base. These solutions increase customer loyalty, repeat purchases, improve customer experiences and help businesses to manage campaigns and generate quality leads.

Expanding into New Products and Verticals

Given our position in the service SMB ecosystem, as well as our relationships and level of engagement with our customers, we use insights gained through our customer relationships and lifecycle to identify additional solutions that are value-additive for our customers. These insights allow us to continually assess opportunities to develop or acquire solutions to further grow our business by expanding market share, cross-selling solutions and enhancing customer stickiness to improve customer retention. Additionally, we have completed acquisitions to enter new micro-verticals and geographies.

Continued Investment in Growth

We continue to drive awareness and generate demand for our solutions in order to acquire new customers and develop new service SMB relationships, as we believe that we still have a significant market opportunity ahead of us. We will continue to expand efforts to

market our solutions directly to SMBs through online digital marketing, raising brand awareness at conferences and events, and other marketing channels. We believe this investment, coupled with our attractive unit economics, will enable us to grow our customer base and continue our strategy of profitable growth.

We intend to increase our investment in our solutions to maintain our position as a leading provider of integrated SaaS solutions for service SMBs. To drive adoption and increase penetration within our base, we will continue to introduce new features and upgrade our technology solutions. We believe that investment in technology development will contribute to our long-term growth, but may also negatively impact our short-term profitability.

In 2023, we continued to invest in scalable operations and necessary functions to support operating as a public company, including Sarbanes-Oxley compliance. In 2024 and beyond, incremental investments will be needed to support the ongoing transformation of our business and infrastructure, including Sarbanes-Oxley compliance.

We acquire companies to accelerate our position as a market leader, fill gaps within our vertically tailored solutions, deepen our competitive moats in existing verticals and enter new verticals and geographies. We have acquired 53 companies since our inception, the majority of which were completed prior to 2022. While our pace of acquisition has slowed, we continue to pursue growth through a mix of organic revenue expansion and acquisitions. We have an established framework for identification, execution, integration and onboarding of targets, which leverages our significant acquisition experience and utilizes internal criteria for evaluating acquisition candidates and prospective businesses. These acquired solutions can bring deep industry expertise and vertically-tailored software solutions that provide additional sources of growth. We believe that our methodology, track record and reputation for sourcing, evaluating and integrating acquisitions positions us as an "acquirer-of-choice" for potential targets.

Although we expect to continue to acquire companies and other assets in the future, such acquisitions pose a number of challenges and risks. For additional information, see Part I. Item 1A. *"Risk Factors—Risks Related to Our Business—Our recent growth rates may not be sustainable or indicative of future growth," "—We may reduce our rate of acquisitions and may be unsuccessful in achieving our objectives through acquisitions, dispositions or other strategic transactions" and "—Revenues and profits generated through acquisitions may be less than anticipated, and we may fail to uncover all liabilities of acquisition targets through the due diligence process prior to an acquisition, resulting in unanticipated costs, losses or a decline in profits, as well as potential impairment charges. Claims against us relating to any acquisition may necessitate our seeking claims against the seller for which the seller may not indemnify us or that may exceed the seller's indemnification obligations."*

Key Business and Financial Metrics

In addition to our results and measures of performance determined in accordance with Generally Accepted Accounting Principles ("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 completed as of the end of the latest period were closed 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 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 during the period, including revenue generated during periods when we did not yet own the acquired businesses. In including such pre-acquisition 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 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. This metric is particularly useful to management due to the number of acquired entities.

Our Pro Forma Revenue Growth rate was 8.6% for the year ended December 31, 2023 reflective of the underlying growth in our business including new customers and providing more solutions to existing customers.

Non-GAAP Financial Measures

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 is a key performance measure that our management uses to assess our operational performance, as it represents the results of revenues and direct costs, which are key components of our operations. We believe that this non-GAAP financial measure is useful to investors and other interested parties in analyzing our financial performance because it reflects the gross profitability of our operations, and excludes the indirect costs associated with our sales and marketing, product development, general and administrative activities and depreciation and amortization and the impact of our financing methods and income taxes. 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.

	Year Ended December 31,	
	2023	2022
	(in thousands)	
Revenue	$ 675,369	$ 620,746
Cost of revenues (exclusive of depreciation and amortization)	231,007	217,375
Amortization of developed technology	15,451	16,432
Amortization of capitalized software	8,412	5,728
Depreciation expense allocated to cost of revenue	1,177	1,089
Gross profit	419,322	380,122
Depreciation and amortization	25,040	23,249
Adjusted gross profit	$ 444,362	$ 403,371

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, system implementation costs, severance expense related to planned restructuring activities, and costs associated with integration and transformational improvements. Transaction-related and other non-recurring costs are excluded as they are not representative of our underlying operating performance.

Adjusted EBITDA is a key performance measure that our management uses to assess our financial performance and is also used for internal planning and forecasting purposes. We believe that this non-GAAP financial measure is useful to investors and other interested parties in analyzing our financial performance because it provides a comparable overview of our operations across historical periods. In addition, we believe that providing Adjusted EBITDA, together with a reconciliation of net income (loss) to Adjusted EBITDA, helps investors make comparisons between our company and other companies that may have different capital structures, different tax rates and/or different forms of employee compensation. Adjusted EBITDA is used by our management team as an additional measure of our performance for purposes of business decision-making, including managing expenditures, and evaluating potential acquisitions. Period-to-period comparisons of Adjusted EBITDA help our management identify additional trends in our financial results that may not be shown solely by period-to-period comparisons of net income (loss) or income (loss) from continuing operations. In addition, we may use Adjusted EBITDA in the incentive compensation programs applicable to some of our employees. Our Management recognizes that Adjusted EBITDA has inherent limitations because of the excluded items, and may not be directly comparable to similarly titled metrics used by other companies. 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.

	Year Ended December 31,	
	2023	2022
	(in thousands)	
Net loss	$ (45,620)	$ (59,816)
Adjusted to exclude the following:		
Interest and other expense, net	46,407	33,902
Income tax expense (benefit)	1,639	(4,680)
Depreciation and amortization	104,201	110,801
Other amortization	5,738	4,261
Stock-based compensation	25,559	26,818
Transaction-related and other non-recurring costs	17,695	7,763
Adjusted EBITDA	$ 155,619	$ 119,049

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 this 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 under *"Critical Accounting 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 Engagement 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 though 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. 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 year ended December 31, 2023, revenue from subscription and transaction fees increased 11.8% compared to the year ended December 31, 2022, whereas Marketing Technology Solutions revenue decreased 1.1%. 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 and may increase as a percentage of revenue 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 and remain generally consistent as a percentage of revenue 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. As we are able to further scale our operations in the future, we would expect that general and administrative expenses would decrease as a percentage of revenue.

Depreciation and Amortization

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

Impairment

During the fourth quarter of 2023, we determined that the estimated fair value of our fitness asset group was insufficient to recover the net carrying value of the asset group resulting in an impairment of long-lived assets of approximately $5.1 million (see *Note 19. Subsequent Event* included in this Annual Report on Form 10-K). Additionally, during the year ended December 31, 2023, the Company ceased use of certain leased premises and subleased certain facilities resulting in an impairment charge of $1.2 million to impair the right-of-use lease assets to their fair value.

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 year ended December 31, 2023 compared to the same period in 2022.

Comparison of the years ended December 31, 2023 and 2022

	Year Ended December 31,	
	2023	2022
	(in thousands)	
Revenues:		
Subscription and transaction fees	$ 520,234	$ 465,345
Marketing technology solutions	133,162	134,596
Other	21,973	20,805
Total revenues	675,369	620,746
Operating expenses:		
Cost of revenues [(1)] (exclusive of depreciation and amortization presented separately below)	231,007	217,375
Sales and marketing [(1)]	123,561	119,059
Product development [(1)]	75,614	71,622
General and administrative [(1)]	132,235	132,483
Depreciation and amortization	104,201	110,801
Impairment	6,325	—
Total operating expenses	672,943	651,340
Operating income (loss)	2,426	(30,594)
Interest and other expense, net	(46,407)	(33,902)
Net loss before income tax (expense) benefit	(43,981)	(64,496)
Income tax (expense) benefit	(1,639)	4,680
Net loss	$ (45,620)	$ (59,816)

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

	Year Ended December 31,	
	2023	2022
	(in thousands)	
Cost of revenues	$ 464	$ 373
Sales and marketing	1,672	1,503
Product development	2,273	1,854
General and administrative	21,150	23,088
Total stock-based compensation expense	$ 25,559	$ 26,818

Comparison of the years ended December 31, 2023 and 2022 (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 year ended December 31, 2023 compared to the same period in 2022.

	Year Ended December 31,		Change
	2023	2022	%
Total Revenues	100.0%	100.0%	—%
Operating expenses:			
Cost of revenues (exclusive of depreciation and amortization presented separately below)	34.2 %	35.0 %	(0.8)%
Sales and marketing	18.3 %	19.2 %	(0.9)%
Product development	11.2 %	11.5 %	(0.3)%
General and administrative	19.6 %	21.3 %	(1.7)%
Depreciation and amortization	15.4 %	17.8 %	(2.4)%
Impairment	0.9 %	— %	0.9 %
Total operating expenses	99.6 %	104.9 %	(5.3)%

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 35.0% to 34.2%, an improvement of approximately 80 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 87.1% to 83.3%, an improvement of approximately 380 basis points. A discussion on primary drivers of cost reductions resulting in improved margin follows in the subsequent sections.

Revenues

	Year Ended December 31,		Change	
	2023	2022	Amount	%
	(dollars in thousands)			
Revenues:				
Subscription and transaction fees	$ 520,234	$ 465,345	$ 54,889	11.8 %
Marketing technology solutions	133,162	134,596	(1,434)	(1.1)%
Other	21,973	20,805	1,168	5.6 %
Total revenues	$ 675,369	$ 620,746	$ 54,623	8.8 %

Revenues increased $54.6 million, or 8.8%, for the year ended December 31, 2023 as compared to the year ended December 31, 2022, which primarily represents the organic growth of the business as there were no material acquisitions during 2023 or 2022. This increase was driven primarily by a $29.4 million increase from subscription and transaction revenues due to our expansion in our number of customers and certain price increases across our portfolio. Additionally, there was a $25.5 million increase due to higher transaction volumes processed through our payment platforms. The decline in marketing technology solutions revenues of 1.1% resulted primarily from a reduction in demand driven by decreases in consumer spending during 2023. 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 as well as the ancillary revenue included in "other" associated with these services. The combined growth of revenue from the categories of subscription and transaction fees and other was 11.5% partially offset by a reduction in marketing technology solutions, which has experienced more volatility in revenue generation than the delivery of services through system of actions.

Cost of Revenues

	Year Ended December 31,		Change	
	2023	**2022**	**Amount**	**%**
	(dollars in thousands)			
Cost of revenues (exclusive of depreciation and amortization presented separately below)	$ 231,007	$ 217,375	$ 13,632	6.3 %

Cost of revenues increased by $13.6 million, or 6.3%, for the year ended December 31, 2023 as compared to the year ended December 31, 2022. This increase is primarily comprised of an additional $5.4 million of lead generation and ad spend subject to resale to customers, $3.3 million of email and SMS expense, $2.6 million of campaign mail expense, and $2.1 million of application programming interface fees.

Sales and Marketing

	Year Ended December 31,		Change	
	2023	**2022**	**Amount**	**%**
	(dollars in thousands)			
Sales and marketing	$ 123,561	$ 119,059	$ 4,502	3.8 %

Sales and marketing expenses increased by $4.5 million, or 3.8%, for the year ended December 31, 2023 as compared to the year ended December 31, 2022. The increase was driven primarily by an additional $2.3 million in advertising spend, $1.1 million in software and tools and $1.0 million in personnel and compensation expense.

Product Development

	Year Ended December 31,		Change	
	2023	**2022**	**Amount**	**%**
	(dollars in thousands)			
Product development	$ 75,614	$ 71,622	$ 3,992	5.6 %

Product development expenses increased by $4.0 million, or 5.6%, for the year ended December 31, 2023 as compared to the year ended December 31, 2022. The increase was a result of investments 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 $1.5 million of personnel and compensation expense, $1.3 million of software and tools, and $1.3 million of technology spend.

General and Administrative

	Year Ended December 31,		Change	
	2023	**2022**	**Amount**	**%**
	(dollars in thousands)			
General and administrative	$ 132,235	$ 132,483	$ (248)	(0.2)%

General and administrative expenses decreased by $0.2 million, or 0.2%, for the year ended December 31, 2023 as compared to the year ended December 31, 2022. The decrease was driven primarily by a $1.9 million decrease in stock-based compensation expense, $1.6 million decrease in facility expense and $1.0 million decrease in professional fees, offset by an additional $4.1 million of personnel and compensation expense.

Depreciation and Amortization

	Year Ended December 31,		Change	
	2023	**2022**	**Amount**	**%**
	(dollars in thousands)			
Depreciation and amortization	$ 104,201	$ 110,801	$ (6,600)	(6.0)%

Depreciation and amortization expenses decreased by $6.6 million, or 6.0%, for the year ended December 31, 2023 as compared to the year ended December 31, 2022. 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 a decrease of $9.7 million in intangible assets' amortization, partially offset by $2.7 million of additional capitalized software amortization and an increase of $0.5 million of property and equipment depreciation.

Impairment

	Year Ended December 31,		Change	
	2023	2022	Amount	%
	(dollars in thousands)			
Impairment	$ 6,325	$ —	$ 6,325	100.0 %

During the fourth quarter 2023, we determined that the estimated fair value of our fitness asset group was insufficient to recover the net carrying value of the asset group resulting in an impairment of long-lived assets of approximately $5.1 million (see *Note 19. Subsequent Event* included in this Annual Report on Form 10-K). Additionally, during the year ended December 31, 2023, we ceased use of certain leased premises and subleased certain facilities resulting in an impairment charge of $1.2 million to impair the right-of-use lease assets to their fair value. We did not have similar expenses for the year ended December 31, 2022.

Interest and Other Expense, net

	Year Ended December 31,		Change	
	2023	2022	Amount	%
	(dollars in thousands)			
Interest and other expense, net	$ 46,407	$ 33,902	$ 12,505	36.9 %

Interest and other expense, net, increased by $12.5 million, or 36.9%, for the year ended December 31, 2023 as compared to the year ended December 31, 2022. The increase was driven primarily by higher interest expense as a result of increased variable base interest rates during 2023 on the Company's Credit Facilities of $14.9 million, partially offset by a decrease of $0.9 million in unrealized losses recorded on the interest rate swaps and a $0.8 million increase in interest income.

Income Tax (Expense) Benefit

	Year Ended December 31,		Change	
	2023	2022	Amount	%
	(dollars in thousands)			
Income tax (expense) benefit	$ (1,639)	$ 4,680	$ (6,319)	(135.0)%

Income tax (expense) benefit decreased by $6.3 million, or 135.0%, for the year ended December 31, 2023 as compared to the year ended December 31, 2022, with the change driven primarily by discrete items and the year-over-year decrease in the Company's pre-tax loss. The year ended December 31, 2023 includes the release of a valuation allowance in the second quarter of 2023. The year ended December 31, 2022 included a California law change, an intercompany intellectual property sale, and the establishment of a valuation allowance for our New Zealand subsidiaries in the first quarter of 2022.

Liquidity and Capital Resources

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

Our primary use of liquidity through 2021 was primarily associated with acquisitions of businesses. Subsequent to 2021, we have utilized 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. For a description of our recent acquisitions, see *Note 3. Acquisitions* in the notes to the consolidated financial statements included in this Annual Report on Form 10-K. Absent significant deterioration of market conditions, we expect that working capital requirements, capital expenditures,

acquisitions, the Company's Repurchase Program (as defined below), debt servicing and lease obligations will be our principal needs for liquidity going forward.

As of December 31, 2023, we had cash, cash equivalents and restricted cash of $96.2 million, $190.0 million of available borrowing capacity under our Revolver (as defined below) and $537.6 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. We expect to consummate acquisitions of complementary businesses in the future that could require us to seek additional equity or debt financing. 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 I, Item 1A. *"Risk Factors."*

Cash Flows

The following table sets forth cash flow data:

	Year ended December 31,	
	2023	2022
	(in thousands)	
Net cash provided by operating activities	$ 104,605	$ 64,802
Net cash used in investing activities	(38,020)	(18,080)
Net cash used in financing activities	(66,630)	(47,309)
Effect of foreign currency exchange rate changes on cash	400	(1,148)
Net increase (decrease) in cash, cash equivalents and restricted cash	$ 355	$ (1,735)

Cash Flow from Operating Activities

Net cash provided by operating activities was $104.6 million for the year ended December 31, 2023, compared to $64.8 million for the year ended December 31, 2022. Changes in net cash provided by operating activities result 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 for the year ended December 31, 2023 compared to the year ended December 31, 2022 was primarily due to higher cash collections from our subscription and transaction fees and marketing technology solutions, which includes revenues from payment processing of approximately $62.3 million, partially offset by higher interest payments of $15.1 million, costs directly related to the delivery of our services and products of $12.4 million, and higher investments made to support the growth of our business including personnel expenses of $2.7 million.

Cash Flow from Investing Activities

During the year ended December 31, 2023, net cash used in investing activities of $38.0 million was related primarily to costs to develop software of $20.0 million, the acquisition of Kickserv, net of cash acquired, for approximately $15.0 million and $3.0 million for purchases of property and equipment.

During the year ended December 31, 2022, net cash used in investing activities of $18.1 million was related primarily to costs to develop software of $15.5 million and $2.6 million for purchases of property and equipment.

Cash Flow from Financing Activities

During the year ended December 31, 2023, net cash used in financing activities of $66.6 million was related primarily to the repurchase and retirement of shares of our common stock of $67.3 million.

During the year ended December 31, 2022, net cash used in financing activities of $47.3 million was related primarily to the repurchase and retirement of shares of our common stock of $43.0 million and $9.5 million for payments on long-term debt, partially offset by net proceeds from common stock issuances of $5.2 million.

For additional information regarding our repurchase and retirement of shares of our common stock, refer to *Note 11. Equity* in the notes to the consolidated financial statements included in this Annual Report on Form 10-K.

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.

Prior to July 1, 2023, borrowings under the Credit Facilities were available as ABR or Eurocurrency borrowings. ABR borrowings under the Credit Facilities accrued interest at an alternate base rate plus an applicable rate, and Eurocurrency borrowings accrued interest at a LIBOR rate plus an applicable rate. The ABR rate represented the greater of the prime rate, Federal Reserve Bank of New York rate plus ½ of 1%, and an adjusted LIBOR rate for a one month interest period plus 1%.

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 ½ of 1%, and the Adjusted SOFR for a one month interest period plus 1%. The applicable rate for the Term Loans and the Revolver was 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 our 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 December 31, 2023, there was $537.6 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 8.5% for the year ended December 31, 2023, excluding the effect of any interest rate swap agreements.

As of December 31, 2023, we were in compliance with the covenants under the Credit Facilities.

Stock Repurchase Program

On June 14, 2022, 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 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. This 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 6.9 million shares of common stock for $67.6 million, including transaction fees and taxes, during the year ended December 31, 2023. As of December 31, 2023, $40.0 million remains available under the Repurchase Program.

Contractual Obligations

Refer to *Notes 9. Leases, 10. Long-Term Debt and 17. Commitments and Contingencies* in the notes to the consolidated financial statements included in this Annual Report on Form 10-K for a discussion of our debt, operating lease and contractual obligations, respectively.

Critical Accounting 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.

While our significant accounting policies are described in further detail in *Note 2. Summary of Significant Accounting Policies* in the notes to the consolidated financial statements included in this Annual Report on Form 10-K, we believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of our financial statements.

Revenue Recognition

Revenues are derived from subscription and transaction fees, marketing technology solutions, and other revenues. We recognize revenue when our customers obtain control of goods or services in an amount that reflects the consideration that we expect to receive in exchange for those goods or services. In determining the total consideration that we expect to receive, we include variable consideration only to the extent that it is probable that a significant reversal of cumulative revenue will not occur when the uncertainty is resolved. There have not been any material changes during 2023 in the underlying estimates and assumptions in determining probability of variable consideration.

Subscription and Transaction Fees:

Subscription revenue primarily consists of the sale of SaaS offerings, software licenses and related support services and payment processing services.

The timing of revenue recognition within our software subscription services is dictated by the nature of the underlying performance obligation. SaaS offerings and license support services are generally recognized ratably over the contractual period that the services are delivered, beginning on the date our service is made available to customers, while on-premise perpetual or term licenses are generally recognized at the point in time when the software is made available to the customer to download or use. Subscription revenue-related contracts can be both short and long-term, with stated contract terms that range from one month to five years. Our contracts may contain termination for convenience provisions that allow the Company, customer or both parties the ability to terminate for convenience, either at any time or upon providing a specified notice period, without a penalty.

Transaction fees relate to payment processing and group purchasing program administration services. In fulfillment of our payment processing services, we partner with third-party merchants and processors who assist us in fulfillment of our obligations to customers. We have concluded that we do not possess the ability to control the underlying services provided by third parties in the fulfillment of our obligations to customers and therefore recognize revenue net of interchange fees retained by the card issuing financial institutions

and fees charged by payment networks. Transaction services contracts with customers are generally for a term of one month and automatically renew each month.

We also receive rebates from contracted suppliers in exchange for our program administration services. Rebates earned are based on a defined percentage of the purchase price of goods and services sold to members. Administration services contracts with customers are generally for an annual or monthly term and renew automatically upon lapse of the current term.

Marketing Technology Solutions:

Marketing technology solutions consist of digital advertising management and consumer connection services.

Revenue generated from digital advertising management services is recognized on a ratable basis over the service period as the customer simultaneously receives and consumes the benefits of the management services evenly throughout the contract period. Revenue generated from consumer connection services may be recognized at either a point-in-time or an over-time basis as each connection is delivered.

Marketing technology solutions service related contracts are typically short-term with stated contract terms that are less than one year.

Other:

Other revenues generally consist of fees associated with the sale of distinct professional services and hardware. Contract terms for other revenue arrangements are generally short-term, with stated contract terms that are less than one year.

Our professional services associated with our subscription revenue generally relate to standard implementation, configuration, installation, or training services applied to both SaaS and on-premise deployment models. Marketing revenue related professional service fees are derived from website design, creation or enhancement services. Professional service revenue is recognized over time as the services are performed, as the customer simultaneously receives and consumes the benefit of these services.

Performance Obligations and Standalone Selling Price:

Our contracts at times include the sale of multiple promised goods or services that have been determined to be distinct. The transaction price for contracts with multiple performance obligations is allocated based on the relative stand-alone selling price of each performance obligation within the contract.

Judgement can be involved when determining the stand-alone selling price of products and services. For the majority of the Company's SaaS, on-premise license and professional services, we establish a stand-alone selling price based on observable selling prices to similar classes of customers. If the stand-alone selling price is not observable through past transactions, we estimate the stand-alone selling price taking into consideration available information such as market conditions and internally approved pricing guidelines related to the performance obligation. As permitted under ASC 606, at times we have established the stand-alone selling price of performance obligations as a range and utilize this range to determine whether there is a discount that needs to be allocated based on the relative stand-alone selling price of the various performance obligations.

At contract inception, we perform a review of each performance obligation's selling price against the established stand-alone selling price range. If any performance obligations are priced outside of the established stand-alone selling price range, we reallocate the total transaction price to each performance obligation based on the relative stand-alone selling price for each performance. The established range is reassessed on a periodic basis when facts and circumstances surrounding these established ranges change.

Goodwill and Intangible Assets Recoverability

We perform an impairment test annually in the fourth quarter or whenever events or changes in circumstances indicate that the carrying value of goodwill might not be fully recoverable. In accordance with applicable accounting guidance, a company can assess qualitative factors to determine whether it is necessary to perform a goodwill impairment test or may elect to proceed directly to a quantitative goodwill impairment test. The Company performed a quantitative annual impairment assessment for the year ended December 31, 2023 and a qualitative assessment for the previously reported periods, each of which resulted in substantial excess of estimated fair value over net carrying value for each reporting unit. For the quantitative assessment, we use a weighted combination of a discounted cash flow model (known as the income approach) and comparisons to publicly traded companies engaged in similar businesses (known as the market approach). The income approach requires us to use a number of assumptions, including market factors specific to the business, the amount and timing of estimated future cash flows over an extended period of time, long-term growth rates for the business and a rate of return that considers the relative risk of achieving the cash flows and the time value of money. As part of the market approach, we make judgments about the comparability of publicly traded companies engaged in similar businesses. For the qualitative assessments, we reviewed factors including macroeconomic conditions, industry and market conditions, cost factors, overall financial performance, changes in any key personnel, any changes in composition of carrying amount of our assets

and changes in our stock price. There were no reasonable changes to the methods and assumptions that would have resulted in an impairment. In the future, if there are material changes in the underlying estimates and assumptions pertaining to the impairment assessment, the financial statements could be materially impacted. For each year end, we determined that it was more likely than not that the fair value of each of our reporting units was more than the respective related carrying amounts, including goodwill, and therefore did not record any goodwill impairment.

Intangible assets are initially valued at fair value using generally accepted valuation methods appropriate for the type of intangible asset. Intangible assets with definite lives are amortized over their estimated useful lives and are reviewed for impairment if indicators of impairment arise. Indicators we reviewed included whether there was a significant decrease in market prices of our assets, a significant adverse change in the extent or manner in which our assets are being used, a significant adverse change in legal factors affecting our assets and a cash flow loss. During the fourth quarter 2023, we determined that the estimated fair value of our fitness asset group was insufficient to recover the net carrying value of the asset group resulting in an impairment of long-lived assets of approximately $5.1 million (see *Note 19. Subsequent Event* included in this Annual Report on Form 10-K*)* of which $3.1 million was attributable to intangible assets. The Company did not identify indicators of impairment for the years ended December 31, 2022 and 2021. In the future, if there are material changes in the underlying estimates and assumptions pertaining to the impairment assessment, the financial statements could be materially impacted.

Income Taxes

Deferred income tax assets and liabilities are determined based upon the net tax effect of the differences between the financial statement carrying amounts and the tax basis of assets and liabilities and are measured using the enacted tax rate expected to apply to taxable income or loss in the years in which the differences are expected to be reversed. A valuation allowance is used to reduce some or all of the deferred tax assets if, based upon the weight of available evidence, it is more likely than not that those deferred tax assets will not be realized. In making such determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies, recent financial operations and their associated valuation allowances, if any.

We recognize the tax benefit from an uncertain tax position only when it is more likely than not, based on the technical merits of the position, that the tax position will be sustained upon examination, including the resolution of any related appeals or litigation. The tax benefits recognized in the consolidated financial statements from such a position are measured as the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution.

The Company recorded an additional $4.1 million and $16.7 million in valuation allowance on our deferred tax assets in 2023 and 2022, respectively, using the aforementioned approach. The Company recorded $0.2 million and $0.4 million in unrecognized tax benefits for the years ended December 31, 2023 and 2022, respectively.

Valuation allowances are currently assessed based on scheduling the reversal of temporary differences, without consideration to future projections of income, given the Company's history of losses. This approach may change in the future, requiring the use of estimates or assumptions with regard to future taxable income in assessing the need for and quantum of valuation allowances.

Recent Accounting Pronouncements

See *Note 2. Summary of Significant Accounting Policies* in the notes to the consolidated financial statements included in this Annual Report on Form 10-K 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 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk in the ordinary course of business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in interest rates and foreign currency exchange risk. We do not hold or issue financial instruments for speculative or trading purposes.

Interest rate risk

We hold cash and cash equivalents for working capital purposes. We do not have material exposure to market risk with respect to investments. We are exposed to market risks related to fluctuations in interest rates on amounts borrowed under the Credit Facility. Following an amendment in June 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 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 ½ 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. For our Credit Facility, interest rate changes impact future earnings and cash flows, assuming other factors are held constant. As of December 31, 2023, we had $537.6 million outstanding under our Term Loan and $— outstanding under our Revolving Loan.

Effective October 31, 2022, the Company entered into 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 has a term of five years with a fixed rate in the agreement of 4.2120%, as amended in June 2023. Additionally, effective March 31, 2023, the Company entered into a Second Swap in connection with the Company's Credit Facilities for a notional amount of $100.00 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.

Based on the outstanding balance of the Credit Facilities as of December 31, 2023, for every 100 basis point increase in the Adjusted SOFR rate, we would incur approximately $2.4 million of additional annual interest expense.

Foreign currency exchange risk

We have foreign currency risks related to certain of our foreign subsidiaries, primarily in Canada, Jordan, the United Kingdom, New Zealand and Australia. The functional currencies of our significant foreign operations include the Canadian dollar, Great British pound and the New Zealand dollar. We do not believe that a 10% change in the relative value of the U.S. dollar to other foreign currencies would have a material effect on our cash flows and operating results.

We currently do not hedge foreign currency exposure. We may in the future hedge our foreign currency exposure and may use currency forward contracts, currency options or other common derivative financial instruments to reduce foreign currency risk. It is difficult to predict the effect that future hedging activities would have on our operating results.

Item 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of EverCommerce Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of EverCommerce Inc. (the Company) as of December 31, 2023 and 2022, the related consolidated statements of operations and comprehensive loss, convertible preferred stock and stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young

We have served as the Company's auditor since 2020.

Denver, Colorado
March 14, 2024

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

	December 31,	
	2023	**2022**
Assets		
Current assets:		
Cash and cash equivalents	$ 92,609	$ 92,625
Restricted cash	3,570	3,199
Accounts receivable, net of allowance for expected credit losses of $6.2 million and $4.7 million at December 31, 2023 and 2022, respectively	45,417	48,032
Contract assets	16,117	12,971
Prepaid expenses and other current assets	22,434	23,760
Total current assets	180,147	180,587
Property and equipment, net	9,734	11,930
Capitalized software, net	42,511	32,554
Other non-current assets	42,722	46,855
Intangible assets, net	315,519	405,720
Goodwill	927,431	914,082
Total assets	$ 1,518,064	$ 1,591,728
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 8,638	$ 8,373
Accrued expenses and other	66,265	56,963
Deferred revenue	24,082	22,885
Customer deposits	12,891	11,360
Current maturities of long-term debt	5,500	5,500
Total current liabilities	117,376	105,081
Long-term debt, net of current maturities and deferred financing costs	526,696	530,946
Other non-current liabilities	47,956	49,008
Total liabilities	692,028	685,035
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 December 31, 2023 and 2022	—	—
Common stock, $0.00001 par value, 2,000,000,000 shares authorized and 186,934,031 and 191,447,237 shares issued and outstanding at December 31, 2023 and 2022, respectively	2	2
Accumulated other comprehensive loss	(8,017)	(10,198)
Additional paid-in capital	1,454,026	1,489,935
Accumulated deficit	(619,975)	(573,046)
Total stockholders' equity	826,036	906,693
Total liabilities and stockholders' equity	$ 1,518,064	$ 1,591,728

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

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

	Year Ended December 31,		
	2023	**2022**	**2021**
Revenues:			
Subscription and transaction fees	$ 520,234	$ 465,345	$ 351,831
Marketing technology solutions	133,162	134,596	118,275
Other	21,973	20,805	20,033
Total revenues	675,369	620,746	490,139
Operating expenses:			
Cost of revenues (exclusive of depreciation and amortization presented separately below)	231,007	217,375	162,230
Sales and marketing	123,561	119,059	93,789
Product development	75,614	71,622	49,506
General and administrative	132,235	132,483	110,369
Depreciation and amortization	104,201	110,801	101,437
Impairment	6,325	—	—
Total operating expenses	672,943	651,340	517,331
Operating income (loss)	2,426	(30,594)	(27,192)
Interest and other expense, net	(46,407)	(33,902)	(36,111)
Loss on debt extinguishment	—	—	(28,714)
Net loss before income tax (expense) benefit	(43,981)	(64,496)	(92,017)
Income tax (expense) benefit	(1,639)	4,680	10,051
Net loss	(45,620)	(59,816)	(81,966)
Other comprehensive gain (loss):			
Foreign currency translation gain (loss), net	2,181	(8,431)	(3,313)
Comprehensive loss	$ (43,439)	$ (68,247)	$ (85,279)
Net loss attributable to common stockholders:			
Net loss	$ (45,620)	$ (59,816)	$ (81,966)
Adjustments to net loss (see Note 13)	—	—	(15,105)
Net loss attributable to common stockholders	$ (45,620)	$ (59,816)	$ (97,071)
Basic and diluted net loss per share attributable to common stockholders	$ (0.24)	$ (0.31)	$ (0.82)
Basic and diluted weighted-average shares of common stock outstanding used in computing net loss per share	188,938,892	194,624,968	117,795,280

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

EverCommerce Inc.
Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity
(in thousands)

	Total[1] Convertible Preferred Stock	Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
		Shares	Amount	Shares	Amount				
Balance at January 1, 2021	$ 908,310	—	$ —	43,074	$ —	$ 40,564	$ (431,264)	$ 1,546	$ (389,154)
Accretion of Series B convertible preferred stock to redemption value	15,105	—	—	—	—	(15,105)	—	—	(15,105)
Issuance of convertible preferred stock, net	109,782	—	—	—	—	—	—	—	—
Conversion of convertible preferred stock to common stock upon closing of initial public offering	(1,033,197)	—	—	125,041	2	1,033,195	—	—	1,033,197
Issuance of common stock upon closing of initial public offering, net of issuance costs and underwriters fees of $31,278 thousand	—	—	—	21,882	—	340,708	—	—	340,708
Issuance of common stock in a private placement	—	—	—	4,412	—	75,000	—	—	75,000
Rollover equity in consideration of net assets acquired	—	—	—	45	—	726	—	—	726
Stock-based compensation	—	—	—	571	—	22,095	—	—	22,095
Stock option exercises	—	—	—	359	—	1,319	—	—	1,319
Release of valuation allowance related to prior equity transactions	—	—	—	—	—	2,141	—	—	2,141
Foreign currency translation loss, net	—	—	—	—	—	—	—	(3,313)	(3,313)
Net loss	—	—	—	—	—	—	(81,966)	—	(81,966)
Balance at December 31, 2021	$ —	—	$ —	195,384	$ 2	$ 1,500,643	$ (513,230)	$ (1,767)	$ 985,648

(1) Represents the aggregate activity for Series A, B and C convertible preferred stock that was converted as a result of the IPO (See Note 11. Equity).

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

EverCommerce Inc.
Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity (Cont'd)
(in thousands)

	Total Convertible Preferred Stock	Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
		Shares	Amount	Shares	Amount				
Balance at January 1, 2022	$ —	—	$ —	195,384	$ 2	$ 1,500,643	$ (513,230)	$ (1,767)	$ 985,648
Issuance of common stock for Employee Stock Purchase Plan	—	—	—	502	—	3,366	—	—	3,366
Common stock issued upon vesting of restricted stock units	—	—	—	162	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	26,818	—	—	26,818
Stock option exercises	—	—	—	351	—	1,819	—	—	1,819
Repurchase and retirement of common stock	—	—	—	(4,952)	—	(42,994)	—	—	(42,994)
Release of valuation allowance related to prior equity transactions	—	—	—	—	—	283	—	—	283
Foreign currency translation loss, net	—	—	—	—	—	—	—	(8,431)	(8,431)
Net loss	—	—	—	—	—	—	(59,816)	—	(59,816)
Balance at December 31, 2022	$ —	—	$ —	191,447	$ 2	$ 1,489,935	$ (573,046)	$ (10,198)	$ 906,693
Issuance of common stock for Employee Stock Purchase Plan	$ —	—	—	550	—	3,550	—	—	3,550
Common stock issued upon vesting of restricted stock units	—	—	—	1,335	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	25,559	—	—	25,559
Stock option exercises	—	—	—	482	—	2,603	—	—	2,603
Repurchase and retirement of common stock including taxes	—	—	—	(6,880)	—	(67,621)	—	—	(67,621)
Adoption of ASC 326, *Current Expected Credit Losses*	—	—	—	—	—	—	(1,309)	—	(1,309)
Foreign currency translation gain, net	—	—	—	—	—	—	—	2,181	2,181
Net loss	—	—	—	—	—	—	(45,620)	—	(45,620)
Balance at December 31, 2023	$ —	—	$ —	186,934	$ 2	$ 1,454,026	$ (619,975)	$ (8,017)	$ 826,036

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

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

	Year ended December 31,		
	2023	**2022**	**2021**
Cash flows provided by operating activities:			
Net loss	$ (45,620)	$ (59,816)	$ (81,966)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	104,201	110,801	101,437
Stock-based compensation	25,559	26,818	22,095
Deferred taxes	(1,657)	(7,477)	(12,026)
Amortization of deferred financing costs and non-cash interest	1,651	2,093	4,843
Impairment of long lived assets	6,325	—	—
Bad debt expense	6,016	5,578	2,044
Loss on debt extinguishment	—	—	28,714
Other non-cash items	2,738	4,747	700
Changes in operating assets and liabilities, net of effects of acquisitions:			
Accounts receivable, net	(5,011)	(13,206)	(13,342)
Prepaid expenses and other current assets	(2,261)	(3,823)	(8,009)
Other non-current assets	4,183	4,937	(10,514)
Accounts payable	179	(1,868)	(3,961)
Accrued expenses and other	10,423	3,076	(3,267)
Deferred revenue	868	160	8,646
Other non-current liabilities	(2,989)	(7,218)	2,088
Net cash provided by operating activities	104,605	64,802	37,482
Cash flows used in investing activities:			
Purchases of property and equipment	(3,037)	(2,566)	(3,103)
Capitalization of software costs	(20,043)	(15,514)	(11,692)
Acquisition of companies, net of cash acquired	(14,940)	—	(364,873)
Net cash used in investing activities	(38,020)	(18,080)	(379,668)
Cash flows (used in) provided by financing activities:			
Payments on long-term debt	(5,500)	(9,500)	(1,028,457)
Proceeds from long-term debt	—	—	850,966
Deferred financing costs	—	—	(8,135)
Exercise of stock options	2,603	1,819	1,319
Proceeds from preferred stock issuance, net	—	—	109,782
Proceeds from common stock issuance, net	—	—	415,708
Proceeds from common stock issuance for Employee Stock Purchase Plan	3,550	3,366	—
Repurchase and retirement of common stock	(67,283)	(42,994)	—
Net cash (used in) provided by financing activities	(66,630)	(47,309)	341,183
Effect of foreign currency exchange rate changes on cash	400	(1,148)	224
Net increase (decrease) in cash and cash equivalents and restricted cash	355	(1,735)	(779)
Cash and cash equivalents and restricted cash:			
Beginning of period	95,824	97,559	98,338
End of period	$ 96,179	$ 95,824	$ 97,559
Supplemental disclosures of cash flow information:			
Cash paid for interest	$ 46,011	$ 30,077	$ 30,847
Cash paid for income taxes	$ 3,107	$ 2,511	$ 1,495
Supplemental disclosures of noncash investing and financing activities:			
Rollover equity in consideration of net assets acquired	$ —	$ —	$ 726
Accretion of Series B preferred stock to redemption value	$ —	$ —	$ 15,105

The accompanying notes are an integral part of these 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.

Initial Public Offering

On July 6, 2021, the Company completed its Initial Public Offering ("IPO"), in which the Company issued and sold 19.1 million shares of its common stock at a public offering price of $17.00 per share (see Note 11. Equity).

Note 2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The Company's consolidated financial statements (collectively, the "financial statements") include the operations of EverCommerce and all wholly-owned subsidiaries and have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). All material intercompany transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management 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. Estimates are subject to uncertainties due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change. Significant items subject to such estimates include: valuing identified intangible assets and acquired goodwill and establishing estimated useful lives for intangible assets in connection with business combinations; 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.

We evaluate our estimates on an ongoing basis. The Company bases these estimates on historical and anticipated results, trends, and various other assumptions the Company believes are reasonable under the circumstances, including assumptions as to future events. These estimates form the basis for making judgments about the carrying values of assets and liabilities and recognized revenue and expenses that are not readily apparent from other sources. Changes in estimates are recorded in the period in which they become known. Actual results could differ from those estimates and assumptions.

Segment Information

The Company's Chief Operating Decision Maker ("CODM"), its Chief Executive Officer ("CEO"), evaluates financial performance and allocates resources on a consolidated basis. Accordingly, the Company has determined that it operates in a single reportable segment. See Notes 4. Revenue and 18. Geographic Areas for disaggregated information regarding the Company's revenues and long-lived assets by geography, respectively.

Business Combinations

The results of a business acquired in a business combination are included in the Company's financial statements from the date of acquisition with the associated purchase price allocated to the identifiable assets and liabilities of the acquired business at their acquisition date fair values. The excess of the purchase price over the amount allocated to the identifiable assets and liabilities, if any, is recorded as goodwill. Based on the nature of the businesses that the Company acquires, goodwill arising from acquisitions typically consists of synergies with previously acquired businesses and economies of scale resulting from centralizing shared service functions. Acquisition-related transaction costs are expensed in the period in which the costs are incurred.

Determining the fair value of assets acquired and liabilities assumed requires management to make significant judgments and estimates, including the selection of valuation methodologies, estimates of future revenue and cash flows, discount rates and selection of comparable companies.

Concentrations of Risk

The Company maintains cash accounts at domestic and foreign financial institutions. At times and for cash maintained at domestic institutions, certain account balances may exceed Federal Deposit Insurance Corporation ("FDIC") insurance coverage. The Company has not experienced any losses on such accounts, and management believes that the Company's risk of loss is remote. Market conditions can impact the viability of these institutions. In the event of failure of any of the financial institutions where we maintain our cash and cash equivalents, there can be no assurance that we will be able to access uninsured funds in a timely manner or at all.

Cash and Cash Equivalents and Restricted Cash

The Company considers all highly liquid investments with an original maturity of three months or less when acquired to be cash equivalents.

Restricted cash consists of funds that are contractually restricted as to usage or withdrawal. Restricted cash relates to cash collected from our customers' clients that will be remitted to our customers subsequent to period-end, generally within a time period no longer than one month.

Accounts Receivable, net

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The Company maintains an allowance for estimated credit losses inherent in its accounts receivable portfolio. In establishing the expected credit loss, management considers historical losses adjusted to take into account current market conditions and the customers' financial condition, the amount of receivables in dispute and customer paying patterns. Balances that remain outstanding after the Company has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Property and Equipment, net

Property and equipment are recorded at cost, net of accumulated depreciation. Property and equipment acquired in purchase accounting are recorded at fair value at the date of acquisition. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the following estimated useful lives.

Property and Equipment	Estimated Useful Life
Computer equipment and software	3 years
Furniture and fixtures	5 years
Leasehold improvements	Lesser of estimated useful life or remaining lease term

Upon disposition, the cost of disposed assets and the related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is credited or charged to earnings/loss.

Capitalized Software, net

The Company capitalizes certain costs related to software developed for internal use for which it has no plans to market externally. Internal use software includes the software used for the Company's SaaS offerings. The Company expenses the costs of developing computer software until the software has reached the application development stage and capitalizes all costs incurred from that time until the software has been placed in service, at which time amortization of the capitalized costs begins. Determination of when the software has reached the application development stage is based upon completion of conceptual designs, evaluation of alternative designs and performance requirements. Costs of major enhancements to internal use software are capitalized while routine maintenance of existing software is charged to product development expense as incurred.

The Company also capitalizes certain costs related to software developed for external use for which it plans to sell to customers, i.e. on-premise software to be installed on customer computers at the customer site. Costs incurred prior to reaching technological feasibility are charged to product development expense as incurred. Capitalization ceases when the product is available for general release to the customers. Such costs have not been material.

The Company amortizes software costs, using the straight-line method, over its estimated useful life of five years.

Intangible Assets, net

Intangible assets primarily consist of customer relationships which include government contracts, developed technology, trademarks and trade names and non-compete agreements, which are recorded at acquisition date fair value, less accumulated amortization. The Company determines the appropriate useful life of intangible assets by performing an analysis of expected cash flows of the acquired assets. Developed technology, trademarks and trade names and non-compete agreements acquired through acquisitions are amortized over their estimated useful lives using the straight-line method and customer relationship intangibles are amortized over their estimated useful lives using present value of future cash flows, which approximates the pattern in which the economic benefits are expected to be consumed.

Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Recoverability of the asset is measured by comparison of its carrying amount to undiscounted future net cash flows the asset is expected to generate. If such assets are considered to be impaired, the impairment recognized is measured as the amount by which the carrying amount of the asset exceeds its estimated fair value. Estimates of expected future cash flows represent management's best estimate based on currently available information and reasonable and supportable assumptions. Any impairment recognized is permanent and may not be restored.

Impairment of Long-Lived Assets

During the fourth quarter of 2023, the Company evaluated the recoverability of our fitness asset group. As a result of our evaluation, we determined that the estimated fair value of our fitness asset group was insufficient to recover the net carrying value of the asset group resulting in an impairment charge of approximately $5.1 million during the three months ended December 31, 2023, of which $3.1 million related to intangible assets (see Note 19. Subsequent Event). Additionally, the Company ceased use of certain leased premises and subleased certain facilities resulting in an impairment charge of $1.2 million to impair the right-of-use lease assets to their fair value during the year ended December 31, 2023. The impairment charges are recorded in impairment expense on the consolidated statements of operations and comprehensive loss. There were no impairments of long-lived assets during the years ended December 31, 2022 and 2021 other than the abandonment of certain features of its capitalized software as more fully described in Note 8. Capitalized Software.

Goodwill

Goodwill represents the excess of purchase price over amounts allocated to identifiable assets acquired and liabilities assumed in business combinations. The carrying value of goodwill is evaluated for impairment at least annually or more frequently whenever events or changes in circumstances indicate the carrying value of these assets may not be recoverable. The Company performs an annual impairment review of its goodwill balance during the fourth quarter or more frequently if business factors indicate. Prior to performing a quantitative evaluation, an assessment of qualitative factors may be performed to determine whether it is more likely than not that the fair value of the reporting unit exceeds its carrying value. In the event the Company determines that it is more likely than not the carrying value of a reporting unit is higher than its estimated fair value, quantitative testing is performed comparing recorded values to estimated fair values. Alternatively, the Company may perform a quantitative assessment for the annual review of recoverability rather than a qualitative assessment. If the carrying value, including goodwill, exceeds the reporting unit's fair value, we will recognize an impairment loss for the amount by which the carrying amount exceeds the reporting unit's fair value. We did not incur any goodwill impairment losses in any of the periods presented.

Leases

The Company adopted Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842) as of January 1, 2022 and recognized right-of-use ("ROU") lease assets and lease liabilities on the balance sheet representing the rights and obligations created by those leases and disclosed key information about leasing arrangements. Lease expense is recognized on a straight-line basis over the non-cancelable lease term and is recorded to general and administrative expense on the statements of operations and comprehensive loss. Operating ROU lease assets are included in other non-current assets and operating lease liabilities are included in accrued expenses and other and other non-current liabilities on our consolidated balance sheets.

Lease assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. We do not recognize ROU lease assets and lease liabilities for leases with a term of 12 months or less. For all other leases, operating lease assets and liabilities are recognized at commencement based on the present value of lease payments over the lease term. The Company determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. We also consider whether our service arrangements include the right to control the use of an asset. The ROU lease assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are adjusted for lease incentives.

The Company's leases do not provide a readily determinable implicit interest rate and we use our incremental borrowing rate to measure the lease liability and corresponding ROU lease assets. Our incremental borrowing rate is the rate of interest the Company would have to pay to borrow on a collateralized basis adjusted for market conditions and the length of the lease term. Judgement is applied in assessing factors such as Company-specific credit risk, lease term, nature and quality of the underlying collateral, currency, and economic environment in determining the incremental borrowing rate to apply to each lease.

The Company's leases may include a non-lease component representing additional services transferred to the Company, such as common area maintenance for real estate. We elected the practical expedient to not separate lease from fixed non-lease components for our real estate leases. We account for the lease and fixed non-lease components of our operating ROU lease assets as a single lease component. The non-lease components are usually variable in nature and recorded in variable lease expense in the period incurred.

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index) measured using the index or applicable rate at lease commencement. Subsequent changes in index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. In addition, certain leases include options to extend or terminate a lease, which are recognized when it is reasonably certain that we will exercise that option. The Company's leases generally do not contain any material restrictive covenants or residual value guarantees.

The Company does not have any leases classified as finance leases.

Deferred Financing and Credit Facility Costs

Deferred financing costs and discounts on long-term debt are capitalized and netted with long-term debt and amortized over the term of the related debt, using the effective interest method. Costs incurred in connection with the establishment of revolving credit facilities are capitalized and amortized over the term of the related facility period, using the straight-line method. Amortization of debt issuance costs, noncash discounts and other credit facility costs are included in interest expense on the consolidated statements of operations and comprehensive loss.

Series A, B and C Convertible Preferred Stock

The Company accounted for its Series A Convertible Preferred Stock ("Series A"), Series B Convertible Preferred Stock ("Series B") and Series C Convertible Preferred Stock ("Series C") shares subject to possible redemption in accordance with the guidance in Accounting Standards Codification ("ASC") Topic 480, *Distinguishing Liabilities from Equity*. Series A shares, Series B shares and Series C shares were conditionally redeemable preferred stock shares (with redemption rights that were either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) that were classified as Convertible Preferred Stock separate from the stockholders' equity (deficit) section of the Company's consolidated balance sheets. The Series A shares and Series C shares were redeemable upon the occurrence of uncertain events not solely within the Company's control and these uncertain events were deemed not probable. Therefore, Series A shares and Series C shares were presented at fair value at the time of issuance and were not subsequently re-measured. The Company's Series B shares featured certain redemption rights that were considered to be outside of the Company's control and these redemption rights were deemed probable of occurrence through March 15, 2021. Accordingly, Series B shares were presented at redemption value through that date.

In connection with the IPO, all of the Company's then outstanding convertible preferred stock converted into shares of common stock on a one-for-one basis. Upon conversion of the convertible preferred stock, the Company reclassified the carrying value of the convertible preferred stock to common stock and additional paid-in capital.

Revenue Recognition

In accordance with U.S. GAAP, the Company performs the following steps in determining the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its contracts with customers: (i) identification of the contract with a customer; (ii) determination of whether the promised goods or services are performance obligations; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when, or as each performance obligation is satisfied. The Company assesses the goods or services promised within each contract to determine if they are distinct and represent a performance obligation. The Company then allocates the transaction price to the respective performance obligations, and recognizes revenue when (or as) the performance obligations are satisfied. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for these goods or services.

The Company maintains three primary categories of revenue sources:

Subscription and Transaction Fees:

Subscription revenue primarily consists of the sale of SaaS offerings or the sale of software licenses. Through the SaaS offerings and

related support services, customers are granted access to a hosted software application over the contract period, generally ranging from one month to five years, without a contractual right to possession of the software. Alternatively, through the sale of software licenses the customer is provided with a right to use software that provides functionality to the customer on a stand-alone basis, and related support services, which include telephone/technical support, when-and-if available software updates and, in certain instances, hosting services. The software licenses are both perpetual, providing the customer with the right-of-use for an indefinite period, and term, which generally range for a defined period of time from one month to five years. Contracts may contain termination for convenience provisions that allow the Company, customer or both parties the ability to terminate for convenience, either at any time or upon providing a specified notice period, without a penalty. The contract term for accounting purposes is determined to be the period in which parties to the contract have present enforceable rights and obligations, therefore the contract term for accounting purposes may be shorter than the stated term.

- *SaaS and related support services*: Revenues from the sale of hosted software applications and related support services are generally recognized ratably over the contractual period that the services are delivered, beginning on the date the service is made available to customers. Revenue is recognized ratably because the customer simultaneously receives and consumes the benefits of the services throughout the contract period. Contracts are generally fixed price and may be invoiced on a monthly, quarterly or annual basis, with standard payment terms ranging from 30 to 60 days.
- *License and related support services:* Revenues from the sale of distinct on-premise licenses are generally recognized at the point in time when the software is made available to the customer to download or use. Revenues from the sale of license related support services are generally recognized ratably over the contractual period that the services are delivered. Within these arrangements, the Company is obligated to make the support services available continuously throughout the contract and the customer simultaneously receives and consumes the benefit of making these services available throughout the contract period. Contracts are generally fixed price and may be invoiced on a monthly, quarterly or annual basis, with standard payment terms ranging from 30 to 60 days. The timing of revenue recognition may differ from the timing of invoicing customers due to the existence of these invoicing practices as well as the requirement to recognize revenue on a relative stand-alone selling price basis.

Transaction fees relate to payment processing and group purchasing program administration services. In fulfillment of payment processing services, the Company partners with third-party merchants and processors who assist in the fulfillment of the Company's obligations to customers. Payment processing services enable customers to accept payments via credit card, electronic check and other similar methods through facilitation of payment information within the cloud-based applications. Group purchasing program administration services relate to facilitation of group purchasing programs for members through which the Company aggregates member purchasing power to negotiate pricing discounts with suppliers.

- *Payment processing services:* The Company has concluded that it does not possess the ability to control the underlying services provided by third parties in the fulfillment of its obligations to customers and therefore recognizes revenue net of interchange fees retained by the card issuing financial institutions and fees charged by payment networks. The Company recognizes revenue from these transaction services as the services are provided and ascribes the transaction consideration to the distinct services utilizing the variable consideration allocation exception. Payment for transaction services is received in arrears, typically within one month of when the services have been provided. Transaction services contracts with customers are generally for a term of one month and renew automatically each month.
- *Purchasing program administration services:* The Company receives rebates from contracted suppliers in exchange for program administration services. Rebates earned are based on a defined percentage of the purchase price of goods and services sold to program members under the contract the Company has negotiated with its suppliers. Administration services contracts with customers are generally for an annual or monthly term and renew automatically upon lapse of the current term.

Marketing Technology Solutions:

Marketing technology solutions consist of digital advertising management and consumer connection services. Digital advertising management services include content creation, search engine optimization and paid media management services. The nature of the performance obligation within advertising management contracts is to stand-ready and provide management services on a continuous basis over the contract term. As a result, revenue associated with advertising management services is recognized on a ratable basis over the service period as the customer simultaneously receives and consumes the benefits of the management services evenly throughout the contract period. The Company typically earns a fixed recurring fee in exchange for advertising management services; however, in certain instances, the transaction consideration to which the Company is entitled may be variable. The Company applies the variable consideration allocation exception to these arrangements. Advertising management services are typically invoiced on a monthly basis either in arrears or in advance. Certain arrangements may be invoiced on a quarterly or annual basis.

Consumer connection services relate to the sourcing and delivery of service requests from consumers to home service providers. Revenue for consumer connection services may be recognized at either a point-in-time or on an over-time basis as each connection is delivered. Revenue is derived from fees paid by service professionals for consumer matches. Fees associated with each consumer match generated may be either fixed price or variable. The variable consideration, subject to being constrained by Company estimates, is allocated to the connection from which it was derived. Payment for consumer connection services is received in arrears, typically within one month of when the services have been provided. The Company records a contract asset or unbilled receivable for this difference on the consolidated balance sheets. Marketing technology solutions service related contracts are typically short-term with stated contract terms that are less than one year.

Other:

Other revenues generally consist of fees associated with the sale of distinct professional services, either in support of subscription revenue or marketing technology revenue, and hardware. Professional service offerings are typically sold as part of an arrangement for products or services included within subscription or marketing revenue. Professional services associated with subscription revenue generally relate to standard implementation, configuration, installation or training services applied to both SaaS and on-premise deployment models and those services associated with marketing technology are derived from website design, creation or enhancement services. Professional service revenue is recognized over time as the services are performed, as the customer simultaneously receives and consumes the benefit of these services. Professional service contracts are offered at either a fixed or a variable price and may be invoiced in advance or arrears of the services being provided.

Standard payment terms for these arrangements range from 30 to 60 days. Contract terms for other revenue arrangements are generally short-term, with stated contract terms that are less than one year.

Performance Obligations and Standalone Selling Price:

The Company’s contracts at times include the sale of multiple promised goods or services that have been determined to be distinct. The transaction price for contracts with multiple performance obligations is allocated based on the relative stand-alone selling price of each performance obligation within the contract.

The Company’s contracts may include standard warranty or service level provisions that state promised goods and services will perform and operate in all material respects as defined in the respective agreements. The Company has determined that these represent assurance-type warranties, and the Company has not incurred any material costs as a result of such commitments.

Cost to Obtain and Fulfill a Contract:

The Company incurs certain costs to obtain contracts, principally sales, third-party commissions and third-party fulfillment fees, which the Company capitalizes when the liability has been incurred if they are (i) incremental costs of obtaining a contract, (ii) expected to be recovered and (iii) have an expected amortization period that is greater than one year (as the Company has elected the practical expedient to expense any costs to obtain a contract when the liability is incurred if the amortization period of such costs would be one year or less).

Material Rights:

The Company’s contracts with customers may include renewal or other options at stated prices. Determining whether these options provide the customer with a material right and therefore need to be accounted for as separate performance obligations requires judgment. The price of each option must be assessed to determine whether it is reflective of the stand-alone selling price or is reflective of a discount that the customer only received as a result of its prior purchase (a material right).

Other considerations:

The Company has elected a policy to exclude from the transaction price all sales taxes assessed by governmental authorities and as a result, revenue is presented net of tax.

Cost of Revenues

Cost of revenues 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.

Advertising

We expense the cost of advertising as incurred, which is primarily for internet-based advertising to market our products and services. For the years ended December 31, 2023, 2022 and 2021, advertising expenses included in sales and marketing expenses on the

consolidated statements of operations and comprehensive loss were $23.7 million, $21.4 million and $19.3 million, respectively.

Stock-based Compensation

We measure stock-based compensation awards made to employees and directors based on the estimated grant date fair value of the awards and recognize the compensation expense on a straight-line basis over the applicable service period. We use the Black-Scholes option-pricing model to estimate the fair value of options granted with time-based vesting and market-based vesting terms, respectively, which requires the use of assumptions, including the fair value of the common stock, expected volatility, expected term, risk-free interest rate and expected dividends. The Company does not have a sufficient third-party history of market prices of its common stock, and as such volatility is estimated, using historical volatilities of comparable public entities for the valuation of its stock options. At the point when the Company has sufficient and meaningful trading history of its stock, as is the case for the Company's 2021 Employee Stock Purchase Plan (the "ESPP") (see Note 12. Stock-Based Compensation), it will calculate volatility based on its own trading history. The expected term represents the estimated average period of time that the option will remain outstanding. Since the Company does not have sufficient historical data for the exercise of stock options, the expected term is based on the "simplified" method that measures the expected term as the average of the vesting period and the contractual term. Once the Company has sufficient historical data for the exercise of its options it will use Company-specific data. The risk-free interest rate assumption is based on observed interest rates appropriate for the terms of the awards. The dividend yield assumption is based on history and the expectation of paying no dividends.

We estimate forfeitures at the date of grant and adjust these estimates to actual forfeitures as they occur. These assumptions involve inherent uncertainties including market conditions and employee behavior that are generally outside of the Company's control. Stock-based compensation expense is based on the value of the portion of stock-based payment awards that is ultimately expected to vest.

Income Taxes

The Company is a C corporation for federal income tax purposes. Deferred taxes are provided whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. The Company's total provision for taxes includes income taxes on the Company's corporate subsidiaries.

The Company records uncertain tax positions based on the largest amount of tax benefit that is more than 50% likely to be realized upon ultimate settlement with the related tax authority when it is determined that the tax position will more likely than not be sustained on the basis of the technical merits of the position. When applicable, interest and penalties relating to any such uncertain tax positions are recorded as part of income tax expense.

Comprehensive Loss

Comprehensive loss includes net loss as well as other changes in stockholders' equity (deficit) that result from transactions and economic events other than those with stockholders. The Company includes cumulative foreign currency translation adjustments in comprehensive loss as described below.

Net Loss per Share Attributable to Common Stockholders

The Company computes net loss per share attributable to its common stockholders using the two-class method required for participating securities, which determines net loss per common share and participating securities according to dividends declared or accumulated and participation rights in undistributed earnings. The two-class method requires income available to common stockholders for the period to be allocated between common stock and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed. The Company's convertible preferred stock contractually entitled the holders of such shares to participate in dividends, but did not contractually require the holders of such shares to participate in the Company's losses. As such, net losses for the periods presented were not allocated to these securities. In connection with the IPO, all of the Company's then outstanding convertible preferred stock converted into shares of common stock on a one-for-one basis. Diluted net loss per common share attributable to common stockholders is the same as basic net loss per common share attributable to common stockholders, because potentially dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

Foreign Currency Translation

The functional currency of our foreign subsidiaries is primarily the local currency in which the entity is located. The financial results of all subsidiaries with a functional currency other than the U.S. dollar are translated into U.S. dollars upon consolidation. Assets and liabilities of foreign subsidiaries are translated into U.S. dollars at the current exchange rate in effect as of the date of the consolidated

balance sheets (the "Spot Rate"). Revenues and expenses are translated at the average exchange rates during the respective periods. Translation adjustments resulting from fluctuations in exchange rates are included in the cumulative currency translation adjustments in accumulated other comprehensive loss in stockholders' equity. The functional currencies of the Company's significant foreign operations include the Canadian dollar, Great British Pound, Australian dollar and New Zealand dollar.

For the Company's subsidiaries that operate primarily in the U.S. dollar, foreign currency denominated monetary assets and liabilities are remeasured into U.S. dollars at the Spot Rate in effect as of the date of the consolidated balance sheets. Non-monetary assets and liabilities are remeasured using historical exchange rates. Income and expense elements are remeasured at the average exchange rates during the respective periods in which the elements are recognized within the consolidated statements of operations and comprehensive loss.

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 ASUs issued by 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 ending December 31, 2023 and it did not have a material impact on the financial statements.

In October 2021, the FASB issued ASU No. 2021-08, *Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which amends the guidance in ASC 805 to require that an acquirer recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. FASB's objective in issuing the ASU is to improve the accounting for acquired revenue contracts with customers in a business combination by addressing diversity and inconsistency related to both the recognition of an acquired contract liability and payment terms' effects on subsequent revenue recognized by the acquirer. This updated standard is effective for annual reporting periods beginning after December 15, 2022. The Company adopted this ASU on January 1, 2023 and it is prospectively applicable to all business combinations from the adoption date. The adoption of this standard was not material to the Kickserv Acquisition (see Note 3. Acquisitions).

In March 2020, the FASB issued ASU No. 2020-04, *"Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting."* The pronouncement provides temporary optional expedients and exceptions to the current guidance on contract modifications and hedge accounting to ease the financial reporting burden related to the expected market transition from the London Interbank Offered Rate ("LIBOR") and other interbank offered rates to alternative reference rates. The guidance was effective upon issuance and generally can be applied to applicable contract modifications through December 31, 2024. There was no material impact to our financial statements from the adoption of this standard.

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. Acquisitions

2023 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.

Our purchase price allocation for the acquisition is preliminary and subject to revision with provisional amounts related to tax-related and other items. Additional information that existed as of the acquisition date but at the time was unknown to us may become known to us during the remainder of the measurement period, which is not to exceed 12 months from the acquisition date.

The financial results of Kickserv since the closing through December 31, 2023, were not material to our 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:

	August 10, 2023
	(in thousands)
Total consideration transferred:	
Cash	$ 14,974
Net assets acquired:	
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	$ 14,974

2021 Acquisitions

During 2021, the Company completed the acquisition of five unrelated businesses in conjunction with the execution of its long-term plans and objectives in building a service commerce platform supporting the success of SMBs. Total purchase consideration was $367.1 million, including $366.4 million in cash consideration, and $0.7 million of rollover equity.

In connection with these acquisitions, the Company allocated approximately $1.4 million of the consideration to cash and cash equivalents, $0.5 million to property and equipment, $3.4 million to deferred tax asset, $20.9 million to developed technology, $105.9 million to customer relationships, $5.6 million to trade name and non-compete agreements, $255.7 million of goodwill, of which $36.1 million was deductible for tax purposes, a liability of $1.6 million to net working capital and $24.7 million to deferred tax liability.

The Company's consolidated statements of operations and comprehensive loss includes $8.4 million of acquisition-related transaction costs in general and administrative for acquisitions consummated in 2021. For the year ended December 31, 2021 the Company recognized revenue of $21.6 million related to acquisitions consummated in 2021.

Note 4. Revenue

Disaggregation of Revenue

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

	Year Ended December 31,		
	2023	2022	2021
	(in thousands)		
By pattern of recognition (timing of transfer of services):			
Point in time	$ 61,445	$ 56,056	$ 49,338
Over time	613,924	564,690	440,801
Total	$ 675,369	$ 620,746	$ 490,139
By Geographical Market:			
United States	$ 614,782	$ 567,041	$ 447,232
International	60,587	53,705	42,907
Total	$ 675,369	$ 620,746	$ 490,139

Contract Balances

Supplemental balance sheet information related to contracts from customers is as follows:

	December 31,	
	2023	2022
	(in thousands)	
Accounts receivables	$ 45,417	$ 48,032
Contract assets	$ 16,117	$ 12,971
Deferred revenue	$ 24,082	$ 22,885
Customer deposits	$ 12,891	$ 11,360
Long-term deferred revenue	$ 2,168	$ 2,496

Accounts receivable, net: Accounts receivable 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 consolidated balance sheets. Revenue recognized from the contract liability balance at December 31, 2022 was $22.9 million for the year ended December 31, 2023. Revenue recognized from the contract liability balance at December 31, 2021 was $23.0 million for the year ended December 31, 2022.

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 for the years ended December 31, 2023 and 2022 (in thousands):

Balance, December 31, 2021	$	1,929
Bad debt expense		5,578
Write-offs, net of recoveries		(2,837)
Balance, December 31, 2022		4,670
Beginning balance adjustment due to implementation of the new credit loss standard		1,309
Bad debt expense		6,016
Write-offs, net of recoveries		(5,812)
Balance, December 31, 2023	$	6,183

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 December 31, 2023 was $20.4 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, 8% of its remaining performance obligations as revenue in the third year, and the remainder during the two-year period thereafter.

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 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 $8.6 million and $6.6 million at December 31, 2023 and 2022, respectively, and long-term assets were $17.9 million and $15.1 million at December 31, 2023 and 2022, respectively. The Company recorded $5.7 million, $4.3 million and $2.9 million of amortization expense related to assets for the years ended December 31, 2023, 2022 and 2021, respectively, which is included in sales and marketing expense on the consolidated statements of operations and comprehensive loss, as well as $2.3 million, $1.7 million and $1.0 million, respectively, which is included in cost of revenues expense on the consolidated statements of operations and comprehensive loss.

Note 5. Goodwill

Goodwill consisted of the following as of December 31, 2023 and 2022 (in thousands):

Balance, January 1, 2022	$	921,416
Measurement period adjustments [(1)]		(573)
Effect of foreign currency exchange rate changes		(6,761)
Balance, December 31, 2022		914,082
Acquired goodwill		12,497
Effect of foreign currency exchange rate changes		852
Balance, December 31, 2023	$	927,431

(1) The measurement period adjustments of $0.6 million relate to acquisitions consummated during the years ended December 31, 2021.

Note 6. Intangible Assets

Intangible assets consisted of the following:

	December 31, 2023			
	Useful Life	Gross Carrying Value	Accumulated Amortization	Net Book Value
	(in thousands)			
Customer relationships [1]	3-20 years	$ 605,908	$ 336,558	$ 269,350
Developed technology [1]	2-12 years	106,482	74,717	31,765
Trade names [1]	3-10 years	38,627	24,293	14,334
Non-compete agreements	2-5 years	2,408	2,338	70
Total		$ 753,425	$ 437,906	$ 315,519

(1) During the quarter ended December 31, 2023, we recognized an impairment charge including $2.7 million of customer relationships, $0.3 million of developed technology and $0.1 million of trade names included in impairment expense on the consolidated statements of operations and comprehensive loss (see Note 2. Summary of Significant Accounting Policies).

	December 31, 2022			
	Useful Life	Gross Carrying Value	Accumulated Amortization	Net Book Value
	(in thousands)			
Customer relationships	3-20 years	$ 605,753	$ 265,342	$ 340,411
Developed technology	2-12 years	105,766	59,208	46,558
Trade names	3-10 years	38,131	19,725	18,406
Non-compete agreements	2-5 years	2,402	2,057	345
Total		$ 752,052	$ 346,332	$ 405,720

Amortization expense was $91.2 million, $101.0 million and $93.4 million for the years ended December 31, 2023, 2022 and 2021, respectively.

The weighted average remaining useful life of intangible assets acquired is 8.6 years, 9.6 years and 10.5 years for the years ended December 31, 2023, 2022 and 2021, respectively.

In determining the useful life for each category of intangible asset, the Company considered the following: the expected use of the intangible, the longevity of the brand and considerations for obsolescence, demand, competition and other economic factors.

Amortization expense for the Company’s intangible assets are as follows (in thousands):

Year Ended December 31,	
2024	$ 73,869
2025	62,258
2026	48,709
2027	37,650
2028	29,888
Thereafter	63,145
Total amortization expense for the Company’s intangible assets	$ 315,519

Note 7. Property and Equipment

Property and equipment consisted of the following:

	December 31,	
	2023	2022
	(in thousands)	
Computer equipment and software	$ 11,628	$ 9,327
Furniture and fixtures	3,794	3,570
Leasehold improvements	11,756	11,941
Total property and equipment	27,178	24,838
Less accumulated depreciation	(17,444)	(12,908)
Property and equipment, net	$ 9,734	$ 11,930

Depreciation expense was $4.6 million for the year ended December 31, 2023 and $4.1 million for each of the years ended December 31, 2022 and 2021. During the three months ended December 31, 2023, we recorded an impairment charge of $0.2 million to leasehold improvements, which is included in impairment expense on our consolidated statements of operations and comprehensive loss (see Note 2. Summary of Significant Accounting Policies).

Note 8. Capitalized Software

Capitalized software consisted of the following:

	December 31,	
	2023	2022
	(in thousands)	
Capitalized software	$ 64,137	$ 45,872
Less accumulated amortization	(21,626)	(13,318)
Capitalized software, net	$ 42,511	$ 32,554

Amortization expense was $8.4 million, $5.7 million and $3.7 million for the years ended December 31, 2023, 2022 and 2021, 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 years ended December 31, 2023, 2022 and 2021, we recorded a charge of $0.6 million, $1.2 million and $0.7 million, respectively, related to capitalized costs associated with abandoned projects, which were included in general and administrative expense on the consolidated statements of operations and comprehensive loss.

During the three months ended December 31, 2023, we recorded an impairment charge of $1.1 million, which is included in impairment expense on our consolidated statements of operations and comprehensive loss (see Note 2. Summary of Significant Accounting Policies).

Note 9. 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:

	Year Ended December 31,	
	2023	2022
	(in thousands)	
Operating lease cost	$ 6,419	$ 7,859
Variable lease cost	2,046	1,495
Short-term lease cost	356	340
Total lease cost	$ 8,821	$ 9,694

Included in the consolidated statements of operations and comprehensive loss is total rent expense of $9.7 million for the year ended December 31, 2021.

During the three months ended December 31, 2023, we recorded a $0.6 million impairment charge related to ROU lease assets, which is included in impairment expense on our consolidated statement of operations and comprehensive loss (See Note 2. Summary of Significant Accounting Policies). Additionally, the Company ceased use of certain leased premises and subleased certain facilities resulting in an impairment charge of $1.2 million to impair the right-of-use lease assets to their fair value during the year ended December 31, 2023.

Supplemental cash flow information related to leases is as follows:

	Year Ended December 31,	
	2023	2022
	(in thousands)	
Cash paid for operating lease liabilities	$ 6,218	$ 8,010
Operating lease assets obtained in exchange for operating lease liabilities	$ 1,602	$ 772

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

	Year Ended December 31,	
	2023	2022
	(in thousands)	
Operating lease right-of-use assets	$ 15,861	$ 21,756
Current operating lease liabilities	3,789	5,239
Long-term operating lease liabilities	19,400	22,500
Total operating lease liabilities	$ 23,189	$ 27,739

At December 31, 2023 and 2022, the weighted average remaining lease term for operating leases was 5.75 years and 6.34 years, and the weighted average discount rate was 5.1% and 4.8%, 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 December 31, 2023 is as follows (in thousands):

Year ended December 31,	
2024	$ 5,321
2025	4,944
2026	4,747
2027	3,966
2028	3,212
Thereafter	5,310
Total lease payments	27,500
Less: imputed interest	4,311
Total present value of lease liabilities	$ 23,189

Note 10. Long-Term Debt

Long-term debt consisted of the following:

	December 31,	
	2023	2022
	(in thousands)	
Term notes with interest payable monthly, interest rate at Adjusted SOFR or Alternative Base Rate (“ABR”), plus an applicable margin of 3.25% (8.46283% at December 31, 2023) quarterly principal payments of 0.25% of original principal balance with balloon payment due July 2028	$ 537,625	$ 543,125
Revolver with interest payable monthly, interest rate at Adjusted SOFR or ABR, plus an applicable margin of 3.25% (8.47044% at December 31, 2023), and outstanding balance due July 2026	—	—
Principal debt	537,625	543,125
Deferred financing costs on long-term debt	(3,983)	(4,900)
Discount on long-term debt	(1,446)	(1,779)
Total debt	532,196	536,446
Less current maturities	5,500	5,500
Long-term portion	$ 526,696	$ 530,946

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”.

Prior to July 1, 2023, borrowings under the Credit Facilities were available as ABR or Eurocurrency borrowings. ABR borrowings under the Credit Facilities accrued interest at an alternate base rate plus an applicable rate, and Eurocurrency borrowings accrued interest at an adjusted LIBOR rate plus an applicable rate. The ABR rate represented the greater of the prime rate, Federal Reserve Bank of New York rate plus ½ of 1%, and an adjusted LIBOR rate for a one month interest period plus 1%.

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 ½ 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.

The Company determines the fair value of long-term debt based on trading prices for its debt if available. As of December 31, 2023, 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 $540.3 million and $531.6 million as of December 31, 2023 and 2022, 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 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 $100.00 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 the contract is reported within the consolidated balance sheets, and related gains and losses resulting from changes in the fair value are reported in interest and other expense, net, in the statements of operations and comprehensive loss. As of December 31, 2023 the fair value of the Swap Agreements was a liability

of $4.9 million which are reported in other non-current liabilities on the consolidated balance sheets, and the associated net losses of $2.0 million and $2.9 million were recognized for the years ended December 31, 2023 and 2022, 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 December 31, 2023, the Company was in compliance with all of its covenants.

Aggregate maturities of the Company's debt are as follows (in thousands):

Year Ended December 31,		
2024	$	5,500
2025		5,500
2026		5,500
2027		5,500
2028		515,625
Thereafter		—
Total aggregate maturities of the Company's debt	$	537,625

Note 11. Equity

Shares of convertible preferred stock were as follows (in thousands):

	Year Ended December 31, 2021		
	Series B	Series C	Series A
		(in thousands)	
Convertible Preferred Stock:			
Shares outstanding, beginning of period	72,226	—	44,958
Issuance of convertible preferred stock, net	—	7,857	—
Conversion to common stock upon closing of IPO	(72,226)	(7,857)	(44,958)
Shares outstanding, end of period	—	—	—

On May 5, 2021, the Company amended its Certificate of Incorporation ("Third Amended and Restated Certificate of Incorporation") to increase the number of authorized shares of Preferred Stock from 125,000,000 shares to 140,000,000 shares of Preferred Stock, $0.00001 par value per share, of which 50,000,000 were designated as Series A, 75,000,000 were designated as Series B and 15,000,000 were designated as Series C as of such date. Each share of Series A, Series B and Series C could have been converted into common stock at any time, at the option of the holder, based on a prescribed formula set forth in the Company's Third Amended and Restated Certificate of Incorporation. In the event of a liquidation, dissolution, winding up of the Company or other similar event, liquidation payments would have first been made to the holders of Series B, then to Series C, then to Series A. In May 2021, the Company issued 7.9 million shares of Series C for proceeds of $109.8 million net of issuance costs.

In accordance with ASC 480, Distinguishing Liabilities from Equity, if the carrying value of redeemable preferred stock is less than its redemption value, redeemable preferred stock shall be accreted to its redemption value if it is probable it will become redeemable. Prior to March 15, 2021, the Company concluded it was probable that the Series B would become redeemable due to the passage of time. However, after that date the Company concluded that it was no longer probable that the Series B would become redeemable due to the increased likelihood of a successful IPO prior to February 23, 2025. The Company's Series B accruing dividends comprised a component of the redemption value of such stock. The Company recorded the accretion of Series B through March 15, 2021, by increasing its carrying value and recording a corresponding reduction of additional paid-in capital in the amount of $15.1 million for the year ended December 31, 2021.

On July 6, 2021, the Company completed its IPO, in which the Company issued and sold 19.1 million shares of its common stock at a public offering price of $17.00 per share. After underwriter discounts and commissions, net proceeds from the IPO were $303.9 million. Additionally, the Company incurred other IPO related fees of $6.9 million. On July 29, 2021, the IPO underwriters fully exercised their over-allotment option, resulting in the sale of an additional 2.8 million shares at the IPO price of $17.00 per share and after underwriter discounts, net proceeds were $43.9 million.

In connection with the IPO, the Company's outstanding convertible preferred stock converted into shares of common stock on a one-for-one basis. Upon conversion of the convertible preferred stock, the Company reclassified the carrying value of the convertible

preferred stock to common stock and additional paid-in capital. Immediately prior to the closing of the IPO, the Company filed an amended and restated certificate of incorporation on July 6, 2021 with the Secretary of State of the State of Delaware to authorize the issuance of 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 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 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 currently serve 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 6.9 million shares of common stock pursuant to the Repurchase Program for $67.6 million, including transaction fees and taxes, during the year ended December 31, 2023. As of December 31, 2023, $40.0 million remained available under the Repurchase Program.

Note 12. 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. The 2016 Plan allowed for the granting of stock-based awards through January 17, 2027.

In connection with the 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 number of outstanding shares of the Company's common stock as of December 31, 2022, on January 1, 2023 the number of shares reserved for issuance under the 2021 Plan increased by 5.7 million.

Stock options

During the years ended December 31, 2022 and 2021, the Company granted time-based and performance-based stock options to employees and directors. Time-based options granted under the 2016 Plan vest 25% after one year, and then monthly over the next three years whereas time-based options granted under the 2021 Plan vest 25% after one year and then quarterly over the next three years. Time-based options granted under both the 2016 Plan and the 2021 Plan expire 10 years from date of grant and carry an exercise price equal to the fair market value at the date of grant as determined by the Company's Board for options granted under the 2016 Plan and an exercise price equal to the closing price of the Company's stock at the date of grant for options granted under the 2021 Plan. The Company did not grant stock options in 2023.

The overwhelming majority of performance-based options were granted prior to the IPO and had vesting conditions as follows: 50% of a holder's award would have vested upon a change in control or an initial public offering if the per share cash price received in connection with such change in control or the per share offering price in such initial public offering was at least $27.41, and the other 50% of the holder's award would have vested upon a change in control or an initial public offering if the per share cash price received in connection with such change in control or the per share offering price in such initial public offering was at least $36.54. The

performance-based options generally carried an exercise price equal to the fair market value at the date of grant as determined by the Board and expired 10 years from date of grant. For options outstanding following the IPO, there was a market condition based on the Company achieving a volume weighted average stock price ranging from $27.41 to $36.54 through June 2023, none of which vested. To date, $17.4 million of stock-based compensation expense has been recognized related to the market condition-based options.

The relevant data used to determine the value of the stock options is as follows:

	December 31,	
	2022	**2021**
Weighted-average risk-free interest rate	1.82%	0.97%
Expected term in years	6.1	6.1
Weighted-average expected volatility	50%	48%
Expected dividends	0%	0%

A summary of stock option activity for the year ended December 31, 2023 is as follows:

	Number of Options	**Weighted-Average Exercise Price**	**Weighted-Average Remaining Contractual Term in Years**	**Aggregate Intrinsic Value**
	(in thousands except for exercise price and term in years)			
Outstanding balance at January 1, 2023	16,937	$ 9.86	7.25	$ 3,870
Granted	—	—		
Exercised	(482)	5.38		
Cancelled	(3,118)	10.00		
Outstanding balance at December 31, 2023	13,337	$ 10.03	6.27	$ 22,578
Exercisable at December 31, 2023	11,612	$ 9.59	6.06	$ 21,910

The weighted-average grant date fair value of time-based stock options granted was nil, $5.76 and $8.30 for the years ended December 31, 2023, 2022 and 2021, respectively. The weighted-average modification date fair value of the market condition-based options modified in 2021 was $6.85. The total intrinsic value of options exercised during the years ended December 31, 2023, 2022 and 2021 was $2.2 million, $2.3 million and $2.1 million, respectively. Compensation expense of $11.5 million, $19.3 million and $11.1 million was recognized in stock-based compensation for the years ended December 31, 2023, 2022 and 2021, respectively. The unrecognized compensation expense associated with outstanding time-based stock options at December 31, 2023 was $9.7 million, which is expected to be recognized over a weighted average period of 1.71 years. There was no remaining unrecognized compensation expense associated with outstanding market condition-based stock options at December 31, 2023.

Restricted Stock Awards

Prior to 2021, the Company granted 1.6 million shares of funding restricted stock awards (“RSAs”). The unvested awards were subject to modification upon an investment by the equity sponsors, which occurred when the Company issued Series C convertible preferred stock in May 2021 to fund an acquisition (see Note 11. Equity). In connection with these contributions, the RSAs were modified, and approximately 0.6 million of funding RSAs vested at $17.00 per share. Compensation expense of $9.7 million was recognized in general and administrative in the statements of operations and comprehensive loss for the year ended December 31, 2021. In connection with the IPO, all remaining unvested funding awards were cancelled.

Restricted Stock Units

During the years ended December 31, 2023, 2022 and 2021, the Company issued time vesting restricted stock units (“RSUs”). The vesting schedule for awards granted to newly hired employees provides that the awards vest over a four-year period starting on the grant date, with 25% of the awards vesting on the one-year anniversary, and then in equal quarterly installments for the subsequent three years. The vesting schedule for awards granted to existing employees provides that the awards vest ratably in quarterly installments over a period of four years. The Company records compensation expense for these awards on a straight-line basis, which approximates the service period. Compensation expense of $12.8 million, $6.0 million and $1.2 million related to these awards was recognized in the statements of operations and comprehensive loss for the years ended December 31, 2023, 2022 and 2021,

respectively. The unrecognized compensation expense associated with the RSUs at December 31, 2023 was $30.5 million, which is expected to be recognized over a weighted average period of 2.84 years.

The summary of time vesting restricted stock units activity for the year ended December 31, 2023 is as follows:

	Number of Units	Weighted-Average Grant Date Fair Value
	(in thousands except for fair value)	
Unvested, restricted stock units at January 1, 2023	2,022	$ 12.27
Granted	3,129	9.72
Vested	(1,335)	11.29
Forfeited	(479)	10.79
Unvested, restricted stock units at December 31, 2023	3,337	$ 10.48

2021 Employee Stock Purchase Plan

In connection with the IPO, the Company's Board adopted the 2021 Employee Stock Purchase Plan. The ESPP is designed to allow eligible employees to purchase shares of our common stock, at periodic intervals, with their accumulated payroll deductions. The aggregate number of shares of common stock that were initially reserved for issuance under the ESPP is equal to the sum of (i) 4,500,000 shares and (ii) an annual increase on the first day of each calendar year beginning in 2022 and ending in and including 2031 equal to the lesser of (A) one percent (1%) of the outstanding shares of our common stock on the last day of the immediately preceding fiscal year and (B) such smaller number of shares as determined by the Board; provided that in no event will more than 60,000,000 shares of our common stock be available for issuance under the ESPP. Compensation expense of $1.3 million, $1.5 million and $0.1 million related to the ESPP was recognized in the statements of operations and comprehensive loss for the years ended December 31, 2023, 2022 and 2021, respectively.

Stock-based Compensation Expense

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

	Year Ended December 31,		
	2023	2022	2021
		(in thousands)	
Cost of revenues	$ 464	$ 373	$ 39
Sales and marketing	1,672	1,503	506
Product development	2,273	1,854	551
General and administrative	21,150	23,088	20,999
Total stock-based compensation expense	$ 25,559	$ 26,818	$ 22,095

Note 13. 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:

	Year Ended December 31,		
	2023	2022	2021
	(in thousands except share and per share amounts)		
Numerator:			
Net loss	$ (45,620)	$ (59,816)	$ (81,966)
Accretion of Series B to redemption value	—	—	(15,105)
Numerator for basic and diluted EPS – net loss attributable to common stockholders	$ (45,620)	$ (59,816)	$ (97,071)
Denominator:			
Denominator for basic and diluted EPS – Weighted-average shares of common stock outstanding used in computing net loss per share	188,938,892	194,624,968	117,795,280
Basic and diluted net loss per share attributable to common stockholders	$ (0.24)	$ (0.31)	$ (0.82)

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:

	December 31,		
	2023	2022	2021
Outstanding stock options and unvested RSUs	16,673,982	18,959,163	16,984,483
Shares of common stock pursuant to ESPP	277,656	341,389	14,755
Total anti-dilutive outstanding potential common stock	16,951,638	19,300,552	16,999,238

Note 14. 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 years ended December 31, 2023 and 2022.

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

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

	December 31, 2022				
	Level 1	Level 2	Level 3	Total	Balance Sheet Classification
	(in thousands)				
Asset:					
Money market	$ 6,568	$ —	$ —	$ 6,568	Cash equivalents
Liability:					
Interest rate swap	$ —	$ 2,893	$ —	$ 2,893	Other non-current liabilities

The following is a reconciliation of the opening and closing balance for contingent consideration measured at fair value on a recurring basis within Level 3 of the fair value hierarchy during the year ended December 31, 2022 (in thousands):

Opening balance	$ 675
Fair value adjustments	(18)
Amounts settled through payment	(657)
Ending balance	$ —

Note 15. Retirement Plan

Effective January 1, 2009, EverCommerce Inc. adopted a defined contribution savings plan under section 401(k) of the Internal Revenue Code (the "401(k)"). The 401(k) covers substantially all employees who meet minimum age and service requirements and allows participants to contribute a portion of their pre-tax and post-tax annual compensation in accordance with prescribed limits. The Company may make discretionary and/or matching contributions to the 401(k). We began making discretionary employer contributions effective January 1, 2020 equal to 25% of employee contributions up to 8% and increased this contribution to 100% of employee contributions up to 4% effective January 1, 2022. Employer matching contributions were $5.3 million, $4.8 million and $1.5 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Note 16. Income Taxes

The components of our net loss before income tax (expense) benefit are as follows:

	Year Ended December 31,		
	2023	2022	2021
	(in thousands)		
United States	$ (43,177)	$ (59,134)	$ (81,801)
International	(804)	(5,362)	(10,216)
Net loss before income tax (expense) benefit	$ (43,981)	$ (64,496)	$ (92,017)

As of December 31, 2023, a portion of our undistributed earnings from non-U.S. subsidiaries are intended to be indefinitely reinvested in non-U.S. operations, and therefore no U.S. deferred taxes have been recorded. As of December 31, 2023, there was no material unrecognized deferred tax liability related to countries where we are indefinitely reinvested. The remaining undistributed earnings from non-U.S. subsidiaries are not permanently reinvested, however, due to a combination of anticipated tax treatment and losses, no material deferred tax liability exists.

The components of the provision for income taxes consists of the following:

	Year Ended December 31,		
	2023	2022	2021
		(in thousands)	
Current:			
State	$ 1,649	$ 1,539	$ 801
Foreign	1,647	1,258	1,174
Total current	3,296	2,797	1,975
Deferred:			
Federal	(4,376)	(9,034)	(12,747)
State	(2,368)	(2,743)	(2,263)
Foreign	(256)	(11,235)	(3,436)
Change in valuation allowance - United States	8,831	12,257	6,342
Change in valuation allowance - Foreign	(3,488)	3,278	78
Total deferred	(1,657)	(7,477)	(12,026)
Income tax expense (benefit)	$ 1,639	$ (4,680)	$ (10,051)

The Company's deferred tax assets and liabilities, included in other non-current assets and other non-current liabilities on the consolidated balance sheets, related to temporary differences and operating loss carryforwards were as follows:

	December 31,	
	2023	2022
	(in thousands)	
Deferred tax assets:		
Net operating losses	$ 35,484	$ 44,545
163(j) interest limitation	27,143	23,363
Reserves and accrued expenses	8,175	7,258
Property and equipment depreciation	1,462	2,526
Stock-based compensation	3,193	3,753
Lease liability	5,837	7,053
Other	2,589	2,555
Total deferred tax assets	83,883	91,053
Less: valuation allowance	(51,904)	(47,756)
Net deferred tax assets	31,979	43,297
Deferred tax liabilities:		
Intangible assets	(29,263)	(38,080)
Property and equipment depreciation	(1,288)	(5,056)
Capitalized expenses	(4,678)	(3,804)
Operating lease right-of-use assets	(3,963)	(5,434)
Other	(364)	(614)
Total deferred tax liabilities	(39,556)	(52,988)
Net deferred tax liabilities	$ (7,577)	$ (9,691)

The Company had net operating loss and tax credit carryforwards as of the financial statement date as follows:

	Amount		Expiration Years
	(in thousands)		
Net operating losses, federal (Post December 31, 2017)	$	23,028	Indefinite
Net operating losses, federal (Pre January 1, 2018)	$	2,030	2033 - 2037
Net operating losses, state	$	7,481	Various
Net operating losses, foreign	$	2,945	2035 - Indefinite
Tax credits, federal	$	258	2037
Tax credits, foreign	$	254	Various

Management has not considered future projections of income in this analysis due to the Company's history of losses. The Company has determined that it is more likely than not that a portion of the deferred tax assets will not be realized and has recorded a valuation allowance of $51.9 million and $47.8 million as of December 31, 2023 and 2022, respectively, against the deferred tax assets. If the Company's assumptions change and we determine that we will be able to realize these deferred tax assets, the tax benefits related to any reversal of the valuation allowance on deferred tax assets as of December 31, 2023, will be accounted for as follows: $51.5 million will be recognized as a reduction of income tax expense and $0.8 million will be recorded as an increase in equity.

A reconciliation of our valuation allowance on deferred tax assets is as follows:

	Year Ended December 31,			
	2023		**2022**	
	(in thousands)			
Balance at beginning of period	$	47,756	$	31,070
Additions to valuation allowance		5,342		15,648
Additions recorded in acquisition accounting		216		—
Additions recorded as a decrease in equity		8		1,430
Reductions recorded as an increase in equity		(1,418)		(392)
Balance at end of period	$	51,904	$	47,756

The Company files income tax returns in the U.S. federal jurisdiction, Colorado, various other state jurisdictions, Canada, Jordan, the United Kingdom, Australia and New Zealand. The years open for audit vary depending on the tax jurisdiction. In the U.S., the Company's federal tax returns for the years before 2020 (year ended December 31, 2020) are no longer subject to audit. The net operating losses utilized during the open periods from select years prior to 2020 are subject to examination. The foreign jurisdictions statutes vary but are generally four years from assessment of the return.

While management believes we have adequately provided for all tax positions, amounts asserted by taxing authorities could materially differ from our accrued positions as a result of uncertain and complex application of tax regulations. Additionally, the recognition and measurement of certain tax benefits includes estimates and judgment by management and inherently includes subjectivity. Accordingly, additional provision on federal, state and foreign tax-related matters could be recorded in the future as revised estimates are made or the underlying matters are settled or otherwise resolved.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

	Year Ended December 31,			
	2023		**2022**	
	(in thousands)			
Balance at beginning of period	$	364	$	134
Gross additions based on tax positions related to the current year		167		230
Balance at end of period	$	531	$	364

As of December 31, 2023 and 2022, unrecognized tax benefits of $0.5 million and $0.4 million, respectively, were recorded in other long-term liabilities, which would impact the annual effective tax rate if recognized. The Company recognizes interest and penalties, if

any, related to unrecognized tax positions in the provision for income taxes in the accompanying consolidated statements of operations and comprehensive loss. The Company does not expect a significant increase or decrease in unrecognized tax benefits over the next twelve months.

The Company, through its foreign subsidiary Alnashmi Digital Marketing, LLC, provides exported technology services, the profits of which are exempt from income tax through December 31, 2025 according to the provisions of the article (9/A/4) of Regulation Number 106 of the 2016 Regulations. So long as the services are exported outside of Jordan, they originate in Jordan and there are no other services within the exported services, the qualifications are met. The approximate dollar value of tax expense related to the tax holiday was $0.2 million and $0.3 million as of December 31, 2023 and 2022, respectively.

During the year ended December 31, 2023, we restructured the ownership of certain intellectual property, which resulted in an income tax benefit.

The income tax benefit differs from the expected tax benefit computed by applying the U.S. federal statutory rate to income before taxes as a result of the following:

	Year Ended December 31,					
	2023		2022		2021	
	(in thousands, except percentages)					
Benefit at U.S. statutory rate	$ (9,236)	21.00%	$ (13,544)	21.00%	$ (19,324)	21.00%
Change in income tax resulting from:						
State income benefit, net of federal benefit	(810)	1.84	(852)	1.32	(1,916)	2.08
Stock-based compensation	2,513	(5.71)	2,961	(4.59)	529	(0.57)
Nondeductible compensation	876	(1.99)	163	(0.25)	2,788	(3.03)
Nondeductible transaction costs	61	(0.14)	—	—	509	(0.55)
Foreign rate differential	85	(0.19)	(129)	0.20	(613)	0.67
Change in valuation allowance	5,342	(12.15)	15,648	(24.26)	6,420	(6.98)
Intellectual property migration	—	—	(8,805)	13.65	—	—
US taxation of foreign income	1,512	(3.44)	—	—	—	—
Other	1,296	(2.95)	(122)	0.19	1,556	(1.69)
Income tax expense (benefit)	$ 1,639	(3.73)%	$ (4,680)	7.26 %	$ (10,051)	10.93 %

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	$ 15,710
2025	12,544
2026	3,745
2027	2,625
2028	687
Thereafter	—
Total future minimum payments due	$ 35,311

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 of Directors (the "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 Balwdin, 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 December 31, 2023 and 2022, the Company recorded a liability in the amount of $10.9 million and $11.2 million, respectively, within current liabilities and other long-term liabilities as a provision for sales and use and gross receipts 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:

	December 31,	
	2023	2022
	(in thousands)	
United States	$ 41,134	$ 36,226
International	$ 11,111	$ 8,258

Note 19. Subsequent Event

On March 13, 2024, the Company entered into definitive sale and purchase agreements to sell our fitness solutions to Jonas Software (see Note 2. Summary of Significant Accounting Policies). The Company expects the transaction to close in two parts. The North American businesses, Club OS and ASF, have closed simultaneous with signing. The international businesses, ClubWise and MyPTHub, are expected to close during the third quarter of 2024 following customary closing conditions and regulatory approvals.

As a result of the definitive sale and purchase agreement, the Company concluded that the transaction will meet the held for sale criteria in the first quarter of 2024. As such, the assets and liabilities of the asset disposal group will be classified as held for sale and presented within other current assets and other current liabilities on our consolidated balance sheets as of March 31, 2024. The Company does not consider the sale of the asset disposal group to be a strategic shift that will have a material effect on its operations and financial results, and therefore it does not qualify for reporting as a discontinued operation.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosures

None.

Item 9A. 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 Annual Report on Form 10-K. Based on such evaluation, our principal executive officer and principal financial officer have concluded that as of December 31, 2023, our disclosure controls and procedures were not effective as a result of the material weakness in our internal control over financial reporting described below.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act.

Under the supervision of and with the participation of our principal executive officer and principal financial officer, our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2023 based on the criteria set forth in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management's assessment included evaluation of elements such as the design and operating effectiveness of key financial reporting controls, process documentation, accounting policies, and the Company's overall control environment. Based on this assessment, management concluded that our internal control over financial reporting was not effective as of December 31, 2023 due to the existence of the material weakness described below. The material weakness did not result in any identified material misstatements in the current period consolidated financial statements, nor in any of the consolidated financial statements previously reported by us, and there were no changes in previously released financial results.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. The scope of our management's assessment of the effectiveness of internal control over financial reporting includes all of our Company's consolidated operations.

In connection with the preparation of the financial statements for this Annual Report on Form 10-K, we identified a material weakness related to the lack of properly designed controls over certain of our order to cash revenue accounting processes. Specifically, adequate controls are not in place primarily as a result of (a) the lack of full system integration for certain of our order to cash systems and (b) control deficiencies within the manual controls designed to mitigate that risk.

Our independent registered public accounting firm will not be required to opine on the effectiveness of our internal control over financial reporting pursuant to Section 404 until we are no longer an "emerging growth company" as defined in the JOBS Act.

Remediation Efforts to Address Material Weakness

We are in the process of remediating the aforementioned material weakness and will continue our efforts to do so until such remediation is complete. While we have taken steps to improve our internal control over financial reporting and have remediated our previously identified material weakness related to certain information technology general controls ("ITGCs"), we maintain a disaggregated information technology infrastructure due to a series of historical business combinations. As a result, we have determined that certain of our systems have not been fully integrated, including within certain revenue cycles of customer order to billing, increasing the number of manual controls necessary for our control environment.

We expect to implement remediation plans for the aforementioned material weakness which may include the following:

- Enhanced system integration within customer order to billing processes within relevant product offerings;
- Investment in information technology systems and resourcing for the integrations noted above;
- Identification and implementation of an enhanced system of manual controls while system integrations are ongoing; and
- Additional training and resourcing associated with manual controls through the enterprise surrounding customer order through billing.

We will monitor the effectiveness of our remediation plans and will make the changes management determines to be appropriate. While we will endeavor to remediate our material weaknesses as soon as practicable, the program of remediation effort may extend beyond the year ending December 31, 2024.

Changes in Internal Control Over Financial Reporting

As previously disclosed in our 10-K for the year ended December 31, 2022, management previously determined a material weakness existed in the Company's internal control over financial reporting related to ITGCs that support certain of the Company's product lines within vertical brands' revenue processes, which were found not to be operating effectively. In response to the identification of this material weakness, we took action to remediate it, including enhancing the control environment, additional training for the control owners, and increased documentation. Management completed its testing of the updated controls and determined that this material weakness in our internal control was remediated as of December 31, 2023. Other than the foregoing, there have been no changes in

internal control over financial reporting during the quarter ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

(a) None.

(b) During the three months ended December 31, 2023, 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 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Code of Ethics

Our Board has adopted a written Code of Conduct and Ethics applicable to all officers, directors and employees, including our principal executive officer, principal financial officer, principal accounting officer and controller, or persons performing similar functions. We have posted a current copy of our Code of Conduct and Ethics on our Investor Relations website at investors.evercommerce.com. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding amendment to, or waiver from, a provision of our Code of Business Conduct and Ethics, as well as Nasdaq's requirement to disclose waivers with respect to directors and executive officers, by posting such information on our website at the address specified above. The information contained on our website is not incorporated by reference into this Annual Report on Form 10-K.

Executive Officers and Directors

Information about our Executive Officers and Directors

The following table sets forth the name, age and position(s) of each of our executive officers and directors as of March 14, 2024:

Name	Age	Position(s) with EverCommerce	Principal Employment
Executive Officers			
Eric Remer[1]	52	Chief Executive Officer and Director	Same
Matthew Feierstein	51	President	Same
Marc Thompson	59	Chief Financial Officer	Same
Evan Berlin	42	Chief Operating Officer	Same
Lisa Storey	42	Chief Legal Officer	Same
Non-Employee Directors			
Penny Baldwin-Leonard[3]	66	Director	Former SVP and Chief Marketing Officer of Qualcomm Incorporated
Kimberly Ellison-Taylor[2]	53	Director	Chief Executive Officer of KET Solutions, LLC
Mark Hastings[3]	56	Director	Chief Executive Officer of PSG Equity L.L.C.
John Marquis[1]	36	Director	Managing Director of PSG Equity L.L.C.
Joseph Osnoss[3]	46	Director	Managing Partner of Silver Lake
John Rudella	53	Director	Director of Silver Lake
Richard A. Simonson[2]	65	Director	Managing Partner of Specie Mesa L.L.C.
Debby Soo[1]	43	Director	Chief Executive Officer of OpenTable, Inc.

(1) Member of the Nominating and Corporate Governance Committee
(2) Member of the Audit Committee
(3) Member of the Compensation Committee

The remainder of the information required to be disclosed by this Item 10 will be included in our definitive proxy statement to be filed with the SEC with respect to our 2024 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this Item 11 will be included in our definitive proxy statement to be filed with the SEC with respect to our 2024 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item 12 will be included in our definitive proxy statement to be filed with the SEC with respect to our 2024 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item 13 will be included in our definitive proxy statement to be filed with the SEC with respect to our 2024 Annual Meeting of Stockholders and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information required by this Item 14 will be included in our definitive proxy statement to be filed with the SEC with respect to our 2024 Annual Meeting of Stockholders and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

Financial Statements

The following consolidated financial statements are included in Part II, Item 8. of this Annual Report on Form 10-K:

Index to Consolidated Financial Statements	Page
Report of Independent Registered Public Accounting Firm (PCAOB ID 0042)	III-21
Consolidated Balance Sheets as of December 31, 2023 and 2022	III-22
Consolidated Statements of Operations and Comprehensive Loss for the years ended December 31, 2023, 2022 and 2021	III-23
Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity (Deficit) for the years ended December 31, 2023, 2022 and 2021	III-24
Consolidated Statements of Cash Flows for the years ended December 31, 2023, 2022 and 2021	III-26
Notes to Consolidated Financial Statements	III-27

Financial Statement Schedules

All financial statement schedules have been omitted because they are not applicable, not material or because the information required is already included in the consolidated financial statements or the notes thereto.

Exhibits

The following is a list of exhibits filed as part of this Annual Report on Form 10-K or are incorporated herein by reference, in each case as indicated below.

		Incorporated by Reference				Filed/
Exhibit Number	Exhibit Description	Form	File No.	Exhibit	Filing Date	Furnished Herewith
3.1	Amended and Restated Certificate of Incorporation of EverCommerce Inc	8-K	001-40575	3.1	07/09/21	
3.2	Amended and Restated Bylaws of EverCommerce Inc	8-K	001-40575	3.2	07/09/21	
4.1	Form of Certificate of Common Stock	S-1/A	333-256641	4.1	06/23/21	
4.2	Registration Rights Agreement by and between EverCommerce Inc. and certain security holders of EverCommerce Inc., dated May 7, 2021	S-1	333-256641	4.3	05/28/21	
4.3	Sponsor Stockholders Agreement, dated as of June 30, 2021	8-K	001-40575	10.1	07/09/21	
4.4	Management Stockholders Agreement, dated as of June 30, 2021	8-K	001-40575	10.2	07/09/21	
4.5	Description of Capital Stock	10-K	001-40575	4.5	03/15/22	
10.1#	Form of Indemnification Agreement between EverCommerce Inc. and its directors and officers	S-1/A	333-256641	10.1	06/23/21	
10.2#	Amended & Restated 2016 Equity Incentive Plan and related form agreements thereunder	S-1/A	333-256641	10.2	06/23/21	
10.3#	Amended and Restated Restricted Stock Award Agreement by and between the Company and Eric Remer, dated as of August 23, 2019, as amended	S-1/A	333-256641	10.3	06/23/21	
10.4#	Amended and Restated Restricted Stock Award Agreement by and between the Company and Matt Feierstein, dated as of August 23, 2019, as amended	S-1/A	333-256641	10.4	06/23/21	
10.5#	Amended and Restated Restricted Stock Award Agreement by and between the Company and Marc Thompson, dated as of August 23, 2019, as amended	S-1/A	333-256641	10.5	06/23/21	
10.6#	EverCommerce Inc. 2021 Incentive Award Plan	S-1/A	333-256641	10.6	06/23/21	
10.7#	Form of RSU Agreement under the EverCommerce Inc. 2021 Incentive Award Plan	S-1/A	333-256641	10.6.1	06/23/21	
10.8#	Form of Option Agreement under the EverCommerce Inc. 2021 Incentive Award Plan	S-1/A	333-256641	10.6.2	06/23/21	
10.9#	EverCommerce Inc. 2021 Employee Stock Purchase Plan	S-1/A	333-256641	10.7	06/23/21	
10.10#	EverCommerce Inc. Non-Employee Director Compensation Policy	S-1/A	333-256641	10.8	06/23/21	
10.11#	Employment Agreement by and between the Company and Eric Remer, dated July 1, 2021	10-K	001-40575	10.11#	03/15/22	
10.12#	Employment Agreement by and between the Company and Matthew Feierstein, dated July 1, 2021	10-K	001-40575	10.12#	03/15/22	

10.13#	Employment Agreement by and between the Company and Marc Thompson, dated July 1, 2021	10-K	001-40575	10.13#	03/15/22	
10.14#	PaySimple, Inc. 2008 Equity Incentive Plan	S-8	333-268321	99.3	11/14/22	
10.15	Credit Agreement, dated July 6, 2021	8-K	001-40575	10.3	07/09/21	
10.16.1	Amendment No. 1, dated as of November 23, 2021, to the Credit Agreement, dated as of July 6, 2021, among EverCommerce Intermediate Inc., EverCommerce Solutions Inc., Royal Bank of Canada, as administrative agent and collateral agent, and the other parties and lenders party thereto	8-K	001-40575	10.1	11/23/21	
10.16.2	Amendment No. 2, dated as of June 26, 2023, to the Credit Agreement, dated as of July 6, 2021, among EverCommerce Intermediate Inc., EverCommerce Solutions Inc., Royal Bank of Canada, as administrative agent and collateral agent, and the other parties and lenders party thereto	10-Q	001-40575	10.1	08/08/23	
10.17	Collateral Agreement, dated July 6, 2021	8-K	001-40575	10.4	07/09/21	
10.18	Guarantee Agreement, dated July 6, 2021	8-K	001-40575	10.5	07/09/21	
10.19^	Office Lease by and among EverCommerce Solutions Inc. and BCSP RINO Property LLC, dated June 13, 2019	S-1	333-256641	10.13	05/28/21	
21.1	List of Subsidiaries of the Registrant					*
23.1	Consent of Ernst & Young LLP					*
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a)					*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a)					*
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350					**
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350					**
97.1	EverCommerce, Inc. Policy for Recovery of Erroneously Awarded Compensation					*
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.
# Denotes management contract or compensatory plan
^ Portions of the exhibit have been omitted as permitted under Item 601(b)(10)(iv) of Regulation S-K.

Item 16. Form 10-K Summary

None.

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: March 14, 2024	By:	/s/ Eric Remer
		Eric Remer
		Chief Executive Officer
		(Principal Executive Officer)
Date: March 14, 2024	By:	/s/ Marc Thompson
		Marc Thompson
		Chief Financial Officer
		(Principal Financial Officer)
Date: March 14, 2024	By:	/s/ Ryan H. Siurek
		Ryan H. Siurek
		Chief Accounting Officer
		(Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signatures	**Title**	**Date**
/s/ Eric Remer Eric Remer	Director and Chief Executive Officer (Principal Executive Officer)	March 14, 2024
/s/ Marc Thompson Marc Thompson	Chief Financial Officer (Principal Financial Officer)	March 14, 2024
/s/ Ryan H. Siurek Ryan H. Siurek	Chief Accounting Officer (Principal Accounting Officer)	March 14, 2024
/s/ Penny Baldwin-Leonard Penny Baldwin-Leonard	Director	March 14, 2024
/s/ Kimberly Ellison-Taylor Kimberly Ellison-Taylor	Director	March 14, 2024
/s/ Mark Hastings Mark Hastings	Director	March 14, 2024
/s/ John Marquis John Marquis	Director	March 14, 2024
/s/ Joseph Osnoss Joseph Osnoss	Director	March 14, 2024
/s/ John Rudella John Rudella	Director	March 14, 2024
/s/ Richard A. Simonson Richard A. Simonson	Director	March 14, 2024
/s/ Debby Soo Debby Soo	Director	March 14, 2024

Exhibit 21.1

LIST OF SUBSIDIARIES
OF EVERCOMMERCE INC.

Subsidiaries	Jurisdiction of Incorporation or Organization
33 Mile Radius LLC	Ohio
Advanced Marketing Concepts, LLC d/b/a MarketSharp	Wisconsin
Al Nashmi for Digital Marketing LLC d/b/a Remodeling.com	Jordan
AlertMD, Inc.	Delaware
AllMeds Inc.	Tennessee
American Service Finance, LLC d/b/a ASF Payment Solutions	Delaware
ASF Payment Solutions ULC	British Columbia
Best Pick Reports, LLC	Delaware
Bold Technologies Ltd.	Colorado
Brighter Vision Web Solutions, Inc. d/b/a Brighter Vision	Colorado
Briostack LLC	Utah
Callahan Roach, LLC dba Profit Rhino	Delaware
Clubwise Software Limited	England and Wales
ClubWise Software Pty. Ltd.	Australia
CollaborateMD, Inc.	Florida
Customer Lobby, LLC	California
EverHealth Solutions Inc. d/b/a DrChrono	Delaware
Dynascape Software, Inc.	British Columbia
E Provider Solutions, L.L.C.	South Dakota
EMHware Software Inc.	British Columbia
EverCommerce CAN Inc.	Delaware
EverCommerce Intermediate Inc.	Delaware
EverCommerce NZ Company Ltd.	New Zealand
EverCommerce Solutions Inc.	Delaware
EverCommerce UK Company Ltd.	England and Wales
Fieldpoint Service Applications Inc.	British Columbia
Fitii Limited	England and Wales
Fitii LLC	Delaware
FSM Technologies, LLC	Delaware
GoodTherapy.org, LLC	Alaska
GuildQuality Inc.	South Carolina
Home Contractors Review, LLC d/b/a Five Star Rated and Home Services Review	Georgia
Improveit! 360, LLC	Ohio
iSalus, LLC	Delaware
J.E.2000, LLC d/b/a Jimmy Marketing	Connecticut
Joist Software Inc.	British Columbia
Keyword Connects LLC	Massachusetts
Listen360, Inc.	Georgia
Market Hardware, LLC	Delaware
Norman's Dojo, Inc. d/b/a Kickserv	Delaware
OnVision Solutions, Inc. d/b/a The Studio Director	Colorado
Perennial Software, LLC	Delaware

PM Ventures, LLC	Texas
EverCommerce Marketing Technology Solutions LLC d/b/a Qiigo	Georgia
Remodeling.com, LLC	Delaware
RoofSnap, LLC	Georgia
SalonBiz, Inc.	Louisiana
Secure Global Solutions, LLC	California
Security Information Systems, LLC	Michigan
Service Nation Inc.	Texas
Socius Marketing, LLC	Florida
Speetra Inc. d/b/a pulseM	Texas
Technique Fitness, Inc. d/b/a Club OS	Pennsylvania
Timely Limited	New Zealand
Timely Software Ltd.	England
Timely Software Pty. Ltd.	Australia
TPC Acquisition, LLC d/b/a Therapy Partner	Delaware
Updox LLC	Delaware
Zenvoice Software Inc.	British Columbia

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

1. Registration Statement (Form S-8 No. 333-257707) pertaining to the Amended & Restated 2016 Equity Incentive Plan, 2021 Incentive Award Plan and the 2021 Employee Stock Purchase Plan of EverCommerce Inc.

2. Registration Statement (Form S-8 No. 333-268321) pertaining to the 2021 Incentive Award Plan, 2021 Employee Stock Purchase Plan, and 2008 Equity Incentive Plan of EverCommerce Inc. (formerly known as PaySimple, Inc.)

of our report dated March 14, 2024, with respect to the consolidated financial statements of EverCommerce Inc. included in this Annual Report on Form 10-K of EverCommerce Inc. for the year ended December 31, 2023.

/s/ Ernst & Young LLP

Denver, Colorado
March 14, 2024

CERTIFICATION

I, Eric Remer, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: March 14, 2024

By: /s/ Eric Remer

Eric Remer
Chief Executive Officer and Director
(principal executive officer)

Exhibit 31.2

CERTIFICATION

I, Marc Thompson, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: March 14, 2024

By: /s/ Marc Thompson

Marc Thompson
Chief Financial Officer
(principal financial officer)

Exhibit 32.1

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 Annual Report on Form 10-K of EverCommerce Inc. (the "Company") for the period ended December 31, 2023 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: March 14, 2024

By: /s/ Eric Remer

Eric Remer
Chief Executive Officer and Director
(principal executive officer)

Exhibit 32.2

**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 Annual Report on Form 10-K of EverCommerce Inc. (the “Company”) for the period ended December 31, 2023 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: March 14, 2024

By: /s/ Marc Thompson

Marc Thompson
Chief Financial Officer
(principal financial officer)

EVERCOMMERCE INC. POLICY FOR RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

EverCommerce Inc. (the "Company") has adopted this Policy for Recovery of Erroneously Awarded Compensation (the "Policy"), effective as of October 2, 2023 (the "Effective Date"). Capitalized terms used in this Policy but not otherwise defined herein are defined in Section 11.

1. Persons Subject to Policy

This Policy shall apply to current and former Officers of the Company. Each Officer shall be required to sign an acknowledgment pursuant to which such Officer will agree to be bound by the terms of, and comply with, this Policy; however, any Officer's failure to sign any such acknowledgment shall not negate the application of this Policy to the Officer.

2. Compensation Subject to Policy

This Policy shall apply to Incentive-Based Compensation received on or after the Effective Date. For purposes of this Policy, the date on which Incentive-Based Compensation is "received" shall be determined under the Applicable Rules, which generally provide that Incentive-Based Compensation is "received" in the Company's fiscal period during which the relevant Financial Reporting Measure is attained or satisfied, without regard to whether the grant, vesting or payment of the Incentive-Based Compensation occurs after the end of that period.

3. Recovery of Compensation

In the event that the Company is required to prepare a Restatement, the Company shall recover, reasonably promptly, the portion of any Incentive-Based Compensation that is Erroneously Awarded Compensation, unless the Committee has determined that recovery would be Impracticable. Recovery shall be required in accordance with the preceding sentence regardless of whether the applicable Officer engaged in misconduct or otherwise caused or contributed to the requirement for the Restatement and regardless of whether or when restated financial statements are filed by the Company. For clarity, the recovery of Erroneously Awarded Compensation under this Policy will not give rise to any person's right to voluntarily terminate employment for "good reason," or due to a "constructive termination" (or any similar term of like effect) under any plan, program or policy of or agreement with the Company or any of its affiliates.

4. Manner of Recovery; Limitation on Duplicative Recovery

The Committee shall, in its sole discretion, determine the manner of recovery of any Erroneously Awarded Compensation, which may include, without limitation, reduction or cancellation by the Company or an affiliate of the Company of Incentive-Based Compensation or Erroneously Awarded Compensation, reimbursement or repayment by any person subject to this Policy of the Erroneously Awarded Compensation, and, to the extent permitted by law, an offset of the Erroneously Awarded Compensation against other compensation payable by the Company

or an affiliate of the Company to such person. Notwithstanding the foregoing, unless otherwise prohibited by the Applicable Rules, to the extent this Policy provides for recovery of Erroneously Awarded Compensation already recovered by the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 or Other Recovery Arrangements, the amount of Erroneously Awarded Compensation already recovered by the Company from the recipient of such Erroneously Awarded Compensation may be credited to the amount of Erroneously Awarded Compensation required to be recovered pursuant to this Policy from such person.

5. Administration

This Policy shall be administered, interpreted and construed by the Committee, which is authorized to make all determinations necessary, appropriate or advisable for such purpose. The Board of Directors of the Company (the "Board") may re-vest in itself the authority to administer, interpret and construe this Policy in accordance with applicable law, and in such event references herein to the "Committee" shall be deemed to be references to the Board. Subject to any permitted review by the applicable national securities exchange or association pursuant to the Applicable Rules, all determinations and decisions made by the Committee pursuant to the provisions of this Policy shall be final, conclusive and binding on all persons, including the Company and its affiliates, equityholders and employees. The Committee may delegate administrative duties with respect to this Policy to one or more directors or employees of the Company, as permitted under applicable law, including any Applicable Rules.

6. Interpretation

This Policy will be interpreted and applied in a manner that is consistent with the requirements of the Applicable Rules, and to the extent this Policy is inconsistent with such Applicable Rules, it shall be deemed amended to the minimum extent necessary to ensure compliance therewith.

7. No Indemnification; No Liability

The Company shall not indemnify or insure any person against the loss of any Erroneously Awarded Compensation pursuant to this Policy, nor shall the Company directly or indirectly pay or reimburse any person for any premiums for third-party insurance policies that such person may elect to purchase to fund such person's potential obligations under this Policy. None of the Company, an affiliate of the Company or any member of the Committee or the Board shall have any liability to any person as a result of actions taken under this Policy.

8. Application; Enforceability

Except as otherwise determined by the Committee or the Board, the adoption of this Policy does not limit, and is intended to apply in addition to, any other clawback, recoupment, forfeiture or similar policies or provisions of the Company or its affiliates, including any such policies or provisions of such effect contained in any employment agreement, bonus plan, incentive plan, equity-based plan or award agreement thereunder or similar plan, program or agreement of the Company or an affiliate or required under applicable law (the "Other Recovery Arrangements").

The remedy specified in this Policy shall not be exclusive and shall be in addition to every other right or remedy at law or in equity that may be available to the Company or an affiliate of the Company.

9. Severability

The provisions in this Policy are intended to be applied to the fullest extent of the law; provided, however, to the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.

10. Amendment and Termination

The Board or the Committee may amend, modify or terminate this Policy in whole or in part at any time and from time to time in its sole discretion. This Policy will terminate automatically when the Company does not have a class of securities listed on a national securities exchange or association.

11. Definitions

"Applicable Rules" means Section 10D of the Exchange Act, Rule 10D-1 promulgated thereunder, the listing rules of the national securities exchange or association on which the Company's securities are listed, and any applicable rules, standards or other guidance adopted by the Securities and Exchange Commission or any national securities exchange or association on which the Company's securities are listed.

"Committee" means the committee of the Board responsible for executive compensation decisions comprised solely of independent directors (as determined under the Applicable Rules), or in the absence of such a committee, a majority of the independent directors serving on the Board.

"Erroneously Awarded Compensation" means the amount of Incentive-Based Compensation received by a current or former Officer that exceeds the amount of Incentive-Based Compensation that would have been received by such current or former Officer based on a restated Financial Reporting Measure, as determined on a pre-tax basis in accordance with the Applicable Rules.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Financial Reporting Measure" means any measure determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures derived wholly or in part from such measures, including GAAP, IFRS and non-GAAP/IFRS financial measures, as well as stock or share price and total equityholder return.

"GAAP" means United States generally accepted accounting principles.

"IFRS" means international financial reporting standards as adopted by the International Accounting Standards Board.

"Impracticable" means (a) the direct costs paid to third parties to assist in enforcing recovery would exceed the Erroneously Awarded Compensation; provided that the Company (i) has made reasonable attempts to recover the Erroneously Awarded Compensation, (ii) documented such attempt(s), and (iii) provided such documentation to the relevant listing exchange or association, (b) to the extent permitted by the Applicable Rules, the recovery would violate the Company's home country laws pursuant to an opinion of home country counsel; provided that the Company has (i) obtained an opinion of home country counsel, acceptable to the relevant listing exchange or association, that recovery would result in such violation, and (ii) provided such opinion to the relevant listing exchange or association, or (c) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and the regulations thereunder.

"Incentive-Based Compensation" means, with respect to a Restatement, any compensation that is granted, earned, or vested based wholly or in part upon the attainment of one or more Financial Reporting Measures and received by a person: (a) after beginning service as an Officer; (b) who served as an Officer at any time during the performance period for that compensation; (c) while the issuer has a class of its securities listed on a national securities exchange or association; and (d) during the applicable Three-Year Period.

"Officer" means each person who serves as an executive officer of the Company, as defined in Rule 10D-1(d) under the Exchange Act.

"Restatement" means an accounting restatement to correct the Company's material noncompliance with any financial reporting requirement under securities laws, including restatements that correct an error in previously issued financial statements (a) that is material to the previously issued financial statements or (b) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

"Three-Year Period" means, with respect to a Restatement, the three completed fiscal years immediately preceding the date that the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare such Restatement, or, if earlier, the date on which a court, regulator or other legally authorized body directs the Company to prepare such Restatement. The "Three-Year Period" also includes any transition period (that results from a change in the Company's fiscal year) within or immediately following the three completed fiscal years identified in the preceding sentence. However, a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months shall be deemed a completed fiscal year.

ACKNOWLEDGMENT AND CONSENT TO
POLICY FOR RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

The undersigned has received a copy of the Policy for Recovery of Erroneously Awarded Compensation (the "Policy") adopted by EverCommerce Inc. (the "Company").

For good and valuable consideration, the receipt of which is acknowledged, the undersigned agrees to the terms of the Policy and agrees that compensation received by the undersigned may be subject to reduction, cancellation, forfeiture and/or recoupment to the extent necessary to comply with the Policy, notwithstanding any other agreement to the contrary. The undersigned further acknowledges and agrees that the undersigned is not entitled to indemnification in connection with any enforcement of the Policy and expressly waives any rights to such indemnification under the Company's organizational documents or otherwise.

________________	______________________________
Date	Signature
	______________________________
	Name
	______________________________
	Title