

The logo for Evercommerce, featuring the word "Evercommerce" in a white sans-serif font. The "e" in "commerce" is replaced by a teal infinity symbol.

Evercommerce

# Earnings Call Presentation

Q3 2023 – November 6, 2023

## SAFE HARBOR

This presentation 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 press release 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 presentation 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, stock repurchases, and other capital expenditures and our objectives for future operations.

The forward-looking statements in this presentation 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 our Annual Report on Form 10-K for the year ended December 31, 2022. The forward-looking statements in this presentation are based upon information available to us as of the date of this presentation, 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 presentation 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 presentation. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this presentation, whether as a result of any new information, future events or otherwise.

This presentation also contains estimates and other statistical data prepared by independent parties and by the Company relating to market size and growth and other data about the Company's industry. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Neither the Company nor any other person makes any representation as to the accuracy or completeness of such data or undertakes any obligation to update such data after the date of this presentation. In addition, projections, assumptions and estimates of our future performance and the future performance of the markets in which the Company operates are necessarily subject to a high degree of uncertainty and risk. In light of the foregoing, you are urged not to rely on any forward-looking statement or third-party data in reaching any conclusion or making any investment decision about any securities of the Company.

This presentation includes certain financial measures that are not presented in accordance with generally accepted accounting principles in the United States, ("GAAP"), such as adjusted EBITDA, adjusted EBITDA margin, adjusted gross profit, adjusted gross margin, adjusted sales & marketing expense, adjusted product development expense, adjusted general & administrative expense, levered free cash flow, adjusted unlevered free cash flow, credit facility leverage and debt, net of cash and cash equivalents, to supplement financial information presented in accordance with GAAP. There are limitations to the use of non-GAAP financial measures and such non-GAAP financial measures should not be construed as alternatives to financial measures determined in accordance with GAAP. The non-GAAP measures as defined by the Company may not be comparable to similar non-GAAP measures presented by other companies. The Company's presentation of such measures, which may include adjustments to exclude unusual or non-recurring items, should not be construed as an inference that the Company's future results will be unaffected by other unusual or non-recurring items. A reconciliation is provided elsewhere in this presentation for each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with GAAP.

The Company cannot provide a reconciliation between forecasted Adjusted EBITDA and Adjusted EBITDA margin to net income and net income margin, respectively, the most directly comparable GAAP measures, without unreasonable efforts on a forward-looking basis due to the high variability, complexity and low visibility with respect to certain charges excluded from these non-GAAP measures; in particular, the measures and efforts of stock-based compensation expense specific to equity compensation awards that are directly impacted by unpredictable fluctuations in our stock price. It is important to note that these charges could be material to EverCommerce's results computed in accordance with GAAP.



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**Eric Remer**

Chairman and Chief Executive Officer

# Q3 2023 Highlights

- > Consistent Revenue growth while adjusted EBITDA **beat** the top end of the guidance range
- > Balanced growth and profitability with **11%** reported YoY Revenue growth and **24%** adjusted EBITDA margin
- > Payments Revenue grew **28%** YoY, aided by **11%** growth in Total Payments Volume (TPV)
- > Board authorized a **\$50M** upside and 12-month extension of the company's share repurchase program



**685,000+ Global Customers**  
**2,200+ Global Employees**

**\$668M**  
LTM REVENUE

**12%**  
LTM YoY  
REVENUE  
GROWTH

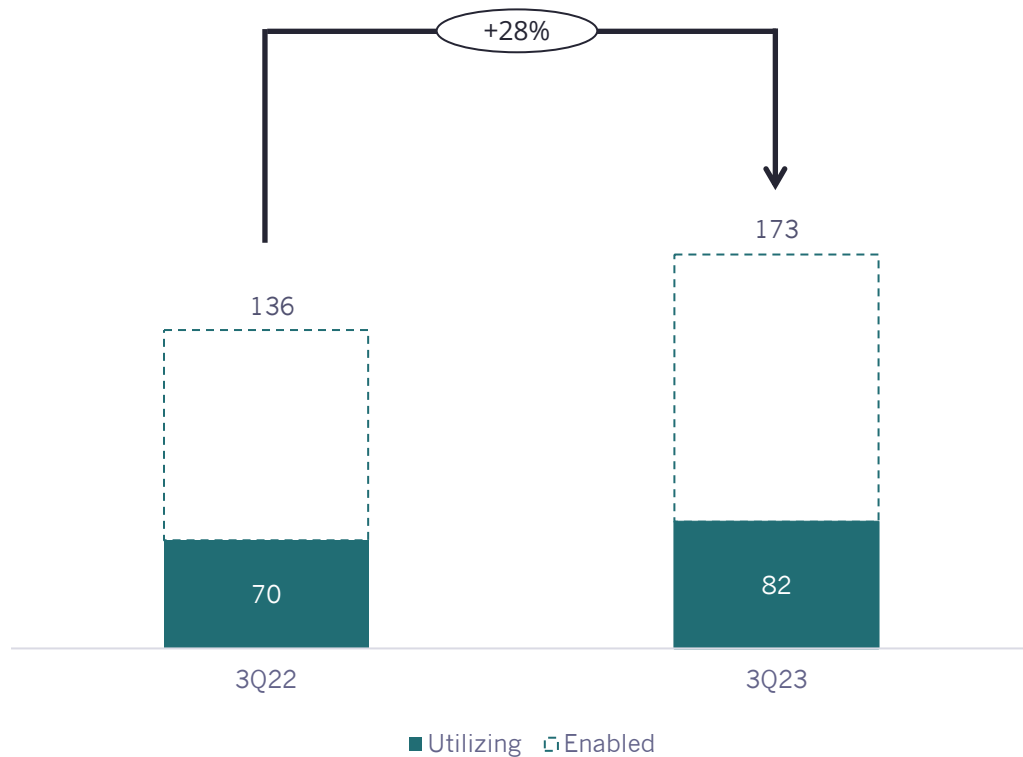
**22%**  
LTM ADJ. EBITDA  
MARGIN

**\$11.7B**  
EST. ANNUALIZED  
TPV

**Simplifying and empowering the lives of business owners  
whose services support us every day**

# Strategic Initiatives are Accelerating Cross-Sell

## Customers Enabled / Utilizing More Than One Solution (000s)<sup>1</sup>



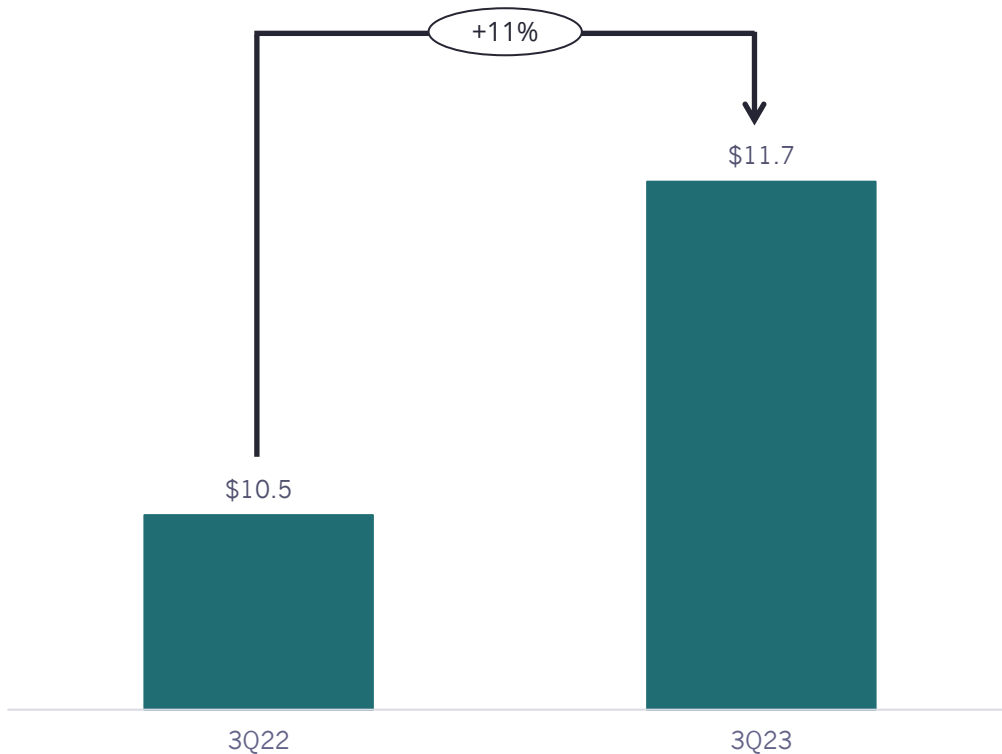
**82k** customers currently utilize more than one solution

**173k** total customers enabled and utilizing more than one solution, representing **28%** YoY growth

<sup>1</sup>Amounts are estimated as of the end of the most recent quarter

# 28% YoY Growth in Payments Revenue

**Total Payments Volume (TPV, \$B)**

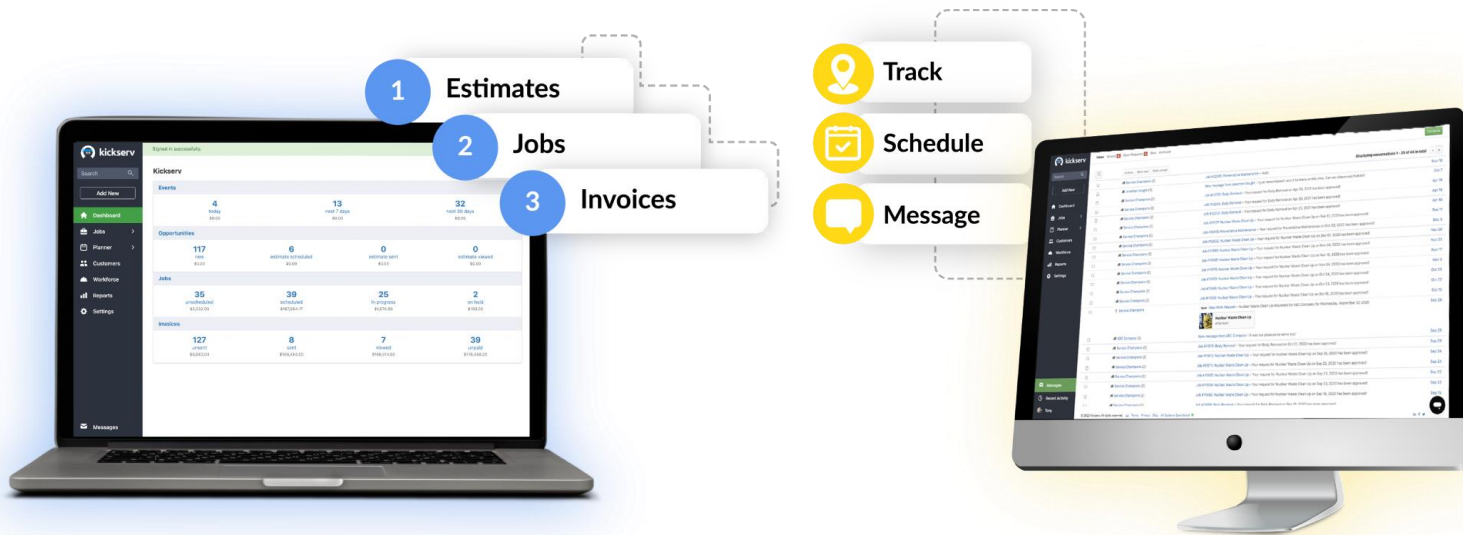


**11%** YoY TPV growth and increased take rate drove growth in Payment Revenue

Embedded payments are a key lever to drive customer expansion

# Kickserv Acquisition

*Strategic Field Service Management (FSM) acquisition that complements our existing EverPro portfolio*



# kickserv

## KICKSERV ATTRIBUTES

- System of action software for field service providers
- Serves over 1,000 paying customers
- Target customer: single-location businesses with 1-9 employees

## RATIONALE

- Payments attach upside
- Fills a customer journey gap between Joist and Invoice Simple
- Revenue acceleration opportunity leverage EVCM go-to-market engine.





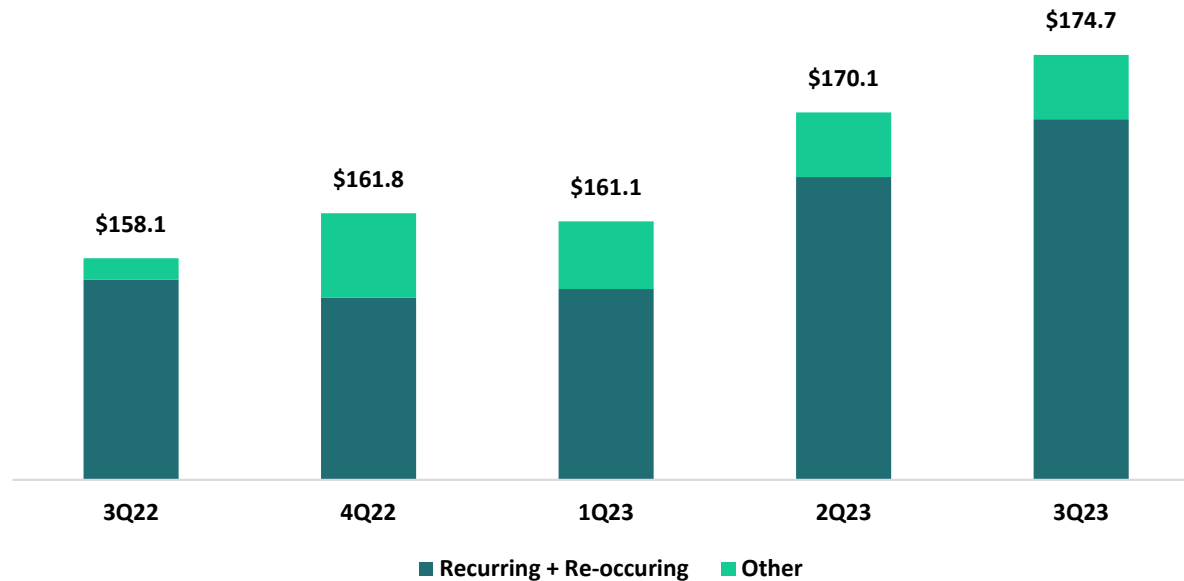
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**Marc Thompson**

Chief Financial Officer

# Growth Led by Core SaaS and Payments

## Reported Revenue (\$M)<sup>3</sup>



**10.5%** reported 3Q23 YoY Revenue growth; **10.3%** Pro Forma 3Q23 YoY Revenue growth<sup>1,2</sup>

**10.5%** Reported YoY growth in Subscription and Transaction Revenue

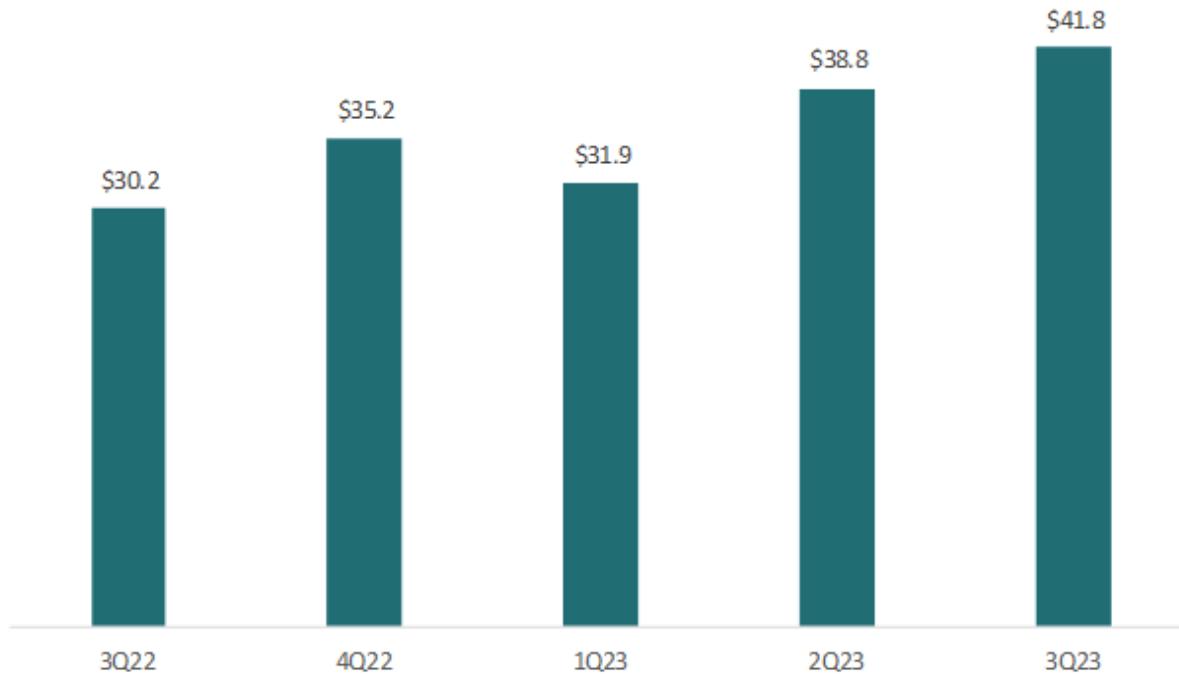
<sup>1</sup>See Appendix for definition of Pro Forma Revenue Growth Rate.

<sup>2</sup>Growth rate calculations include estimates for pre-acquisition GAAP Revenue

<sup>3</sup>Recurring+Re-occurring vs. Other breakout presented pro-forma for the DrChrono reclassification disclosed in 3Q22

# Focus on Efficiency Drove Margin Expansion

**Adjusted EBITDA (\$M)**



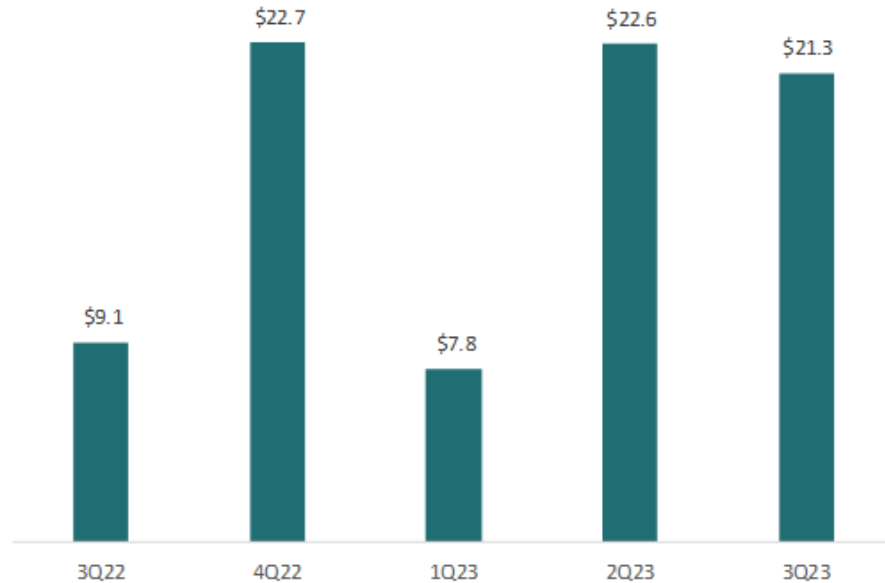
	3Q22	4Q22	1Q23	2Q23	3Q23
Adj. Gross Profit Margin <sup>1</sup>	63.5%	66.7%	65.3%	65.8%	64.8%
Adj. EBITDA Margin <sup>1</sup>	19.1%	21.7%	19.8%	22.8%	23.9%

3Q23 Adj. EBITDA beat aided by active cost management and timing

<sup>1</sup>See Appendix for definition

# Record aUFCF with 16% Margin

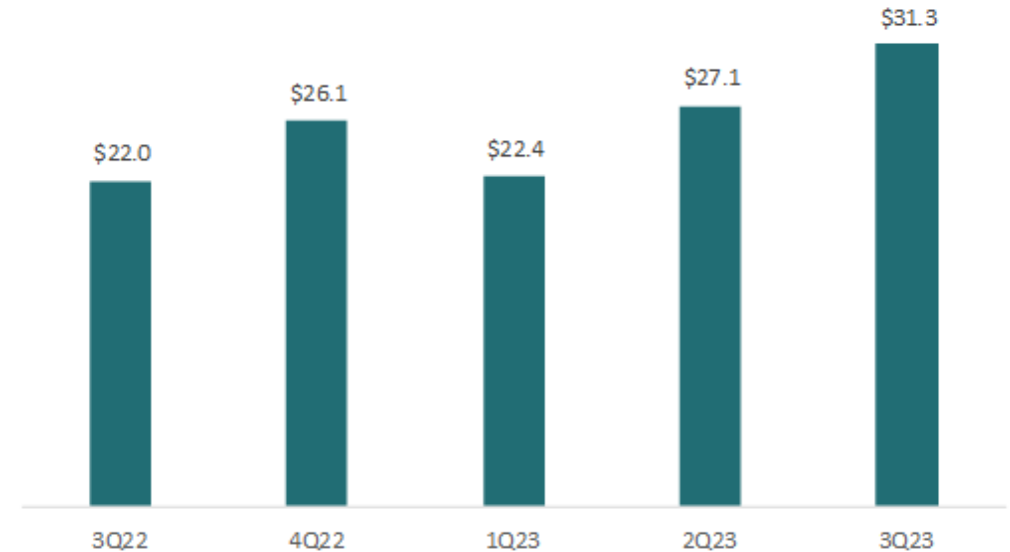
## Levered Free Cash Flow (LFCF, \$M)



3Q23 LFCF of **\$21.3M**

**\$74.4M** LTM LFCF, a **11.1%** margin

## Adjusted Unlevered Free Cash Flow<sup>1</sup> (aUFCF, \$M)



3Q23 aUFCF of **\$31.3M**

LTM aUFCF of **\$106.8M**, a **16.0%** margin

<sup>1</sup>See Appendix for definition

# Growing FCF drives increasing liquidity and decreasing leverage

(\$M)	Q3 2023
<b>BALANCE SHEET</b>	
Cash and cash equivalents	\$87
Debt, gross	\$539
Debt, net of cash and cash equivalents	\$452
<b>LEVERAGE</b>	
Credit facility leverage <sup>1</sup>	2.5x

Repurchased **160K** shares during the quarter for **\$1.6M<sup>2</sup>** at an average price of **\$9.83**

Repurchase authorization increased by \$50M to **\$150M** and extended through year-end **2024**

**\$66M** remaining authorization as of 9/30/2023 after the increase

**\$190M** undrawn revolver capacity.

<sup>1</sup>Credit Facility leverage is calculated using additional addbacks to Adjusted EBITDA allowed per the Company's Credit Agreement

<sup>2</sup>Does not include commissions and other fees which may be incurred



# Outlook

	Q4 2023	FY 2023
Total Revenue	\$170 – 174M	\$676 – 680M
Adjusted EBITDA	\$35.5 – 39.5M	\$148 – 152M

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**Q&A**

The background features a dark blue gradient with a horizontal line across the middle. Overlaid on this are several abstract, teal-colored line art shapes, including circles, ovals, and irregular polygons, some of which are partially cut off by the edges of the frame.

# **Appendix**

# GAAP to Non-GAAP Adj EBITDA Reconciliation

## Adjusted EBITDA

(\$ in 000s)						LTM	
	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q3 2022	Q3 2023
Net Loss	(\$15,853)	(\$17,773)	(\$20,775)	(\$896)	(\$614)	(\$46,776)	(\$40,058)
<b>Adjusted to Exclude the Following:</b>							
Interest and Other Expense, Net	8,890	12,832	15,188	4,761	6,666	25,919	39,447
Income Tax Expense (Benefit)	(291)	1,273	299	(2,083)	241	(11,822)	(270)
Depreciation and Amortization	27,613	28,277	25,950	25,990	26,035	110,046	106,252
Other Amortization	1,093	1,197	1,309	1,444	1,431	3,921	5,381
Stock-based Compensation Expense	7,133	7,042	7,514	6,241	5,855	25,022	26,652
Acquisition Related and Non-Recurring Costs	1,570	2,334	2,453	3,341	2,190	6,833	10,318
<b>Adjusted EBITDA</b>	<b>\$30,155</b>	<b>\$35,182</b>	<b>\$31,938</b>	<b>\$38,798</b>	<b>\$41,804</b>	<b>\$113,143</b>	<b>\$147,722</b>
<i>Adjusted EBITDA Margin</i> <sup>1</sup>	19.1%	21.7%	19.8%	22.8%	23.9%	19.0%	22.1%

<sup>1</sup>Calculated as a percentage of total Revenue as of the respective period presented  
Note: minor rounding differences may exist in the figures presented

# GAAP to Non-GAAP Adj Gross Profit Reconciliation

## Adjusted Gross Profit

(\$ in 000s)

	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	LTM	
	Q3 2022	Q3 2023					
Gross Profit	\$95,027	\$101,275	\$99,281	\$105,772	\$106,886	\$366,655	\$413,214
<b><i>Adjusted to Exclude the Following:</i></b>							
Depreciation and Amortization	5,444	6,651	5,909	6,095	6,384	21,697	25,039
<b>Adjusted Gross Profit</b>	<b>\$100,471</b>	<b>\$107,926</b>	<b>\$105,190</b>	<b>\$111,867</b>	<b>\$113,270</b>	<b>\$388,352</b>	<b>\$438,253</b>
<i>Adjusted Gross Profit Margin</i>	63.5%	66.7%	65.3%	65.8%	64.8%	65.3%	65.6%

<sup>1</sup>Gross profit is calculated as total revenues less cost of revenues (exclusive of depreciation and amortization), amortization of developed technology, amortization of capitalized software and depreciation expense (allocated to cost of revenues).  
Note: minor rounding differences may exist in the figures presented



# aUFCF and LFCF Reconciliations

## Levered and Adjusted Unlevered Free Cash Flow

(\$ in 000s)

	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	LTM	
	Q3 2022	Q3 2023					
Cash Flow from Operations	\$13,610	\$27,191	\$12,700	\$28,446	\$27,441	\$61,421	\$95,778
<b>Adjusted for the Following:</b>							
Purchase of PP&E	(590)	(411)	(476)	(725)	(939)	(3,326)	(2,551)
Capitalized Software Costs	(3,948)	(4,074)	(4,381)	(5,103)	(5,242)	(14,066)	(18,800)
<b>Levered Free Cash Flow</b>	<b>\$9,072</b>	<b>\$22,706</b>	<b>\$7,843</b>	<b>\$22,617</b>	<b>\$21,260</b>	<b>\$44,029</b>	<b>\$74,426</b>
LFCF Margin <sup>1</sup>	5.7%	14.0%	4.9%	13.3%	12.2%	7.4%	11.1%
Adjusted EBITDA	\$30,155	\$35,183	\$31,937	\$38,798	\$41,804	\$113,143	\$147,722
<b>Adjusted for the Following:</b>							
Acquisition Related and Non-Recurring Costs	(1,570)	(2,335)	(2,453)	(3,341)	(2,190)	(6,833)	(10,319)
Purchase of PP&E	(590)	(411)	(476)	(725)	(939)	(3,326)	(2,551)
Capitalized Software Costs	(3,948)	(4,074)	(4,381)	(5,103)	(5,242)	(14,067)	(18,800)
Capitalized Commissions	(2,035)	(2,267)	(2,254)	(2,575)	(2,182)	(7,481)	(9,278)
<b>Adjusted Unlevered Free Cash Flow</b>	<b>\$22,012</b>	<b>\$26,095</b>	<b>\$22,373</b>	<b>\$27,053</b>	<b>\$31,251</b>	<b>\$81,438</b>	<b>\$106,772</b>
Adjusted aUFCF Margin <sup>1</sup>	13.9%	16.1%	13.9%	15.9%	17.9%	13.7%	16.0%

<sup>1</sup>Calculated as a percentage of total revenue as of the respective period presented  
Note: minor rounding differences may exist in the figures presented

# GAAP to Non-GAAP OpEx Reconciliation

## Adjusted Operating Expenses

(\$ in 000s)

	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	LTM	
	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2023
Sales and Marketing	\$29,440	\$29,528	\$30,899	\$30,674	\$30,086	\$115,673	\$121,187
<b>Adjusted for the Following:</b>							
Stock-based Compensation Expense	(380)	(376)	(402)	(477)	(402)	(1,334)	(1,657)
Other Amortization	(1,093)	(1,197)	(1,309)	(1,444)	(1,431)	(3,922)	(5,381)
Acquisition Related and Non-Recurring Costs	-	(56)	-	(49)	(5)	-	(110)
<b>Adjusted Sales and Marketing</b>	<b>\$27,967</b>	<b>\$27,899</b>	<b>\$29,188</b>	<b>\$28,704</b>	<b>\$28,248</b>	<b>\$110,417</b>	<b>\$114,039</b>
Product Development	\$18,508	\$18,054	\$18,703	\$18,332	\$19,318	\$67,991	\$74,407
<b>Adjusted for the Following:</b>							
Stock-based Compensation Expense	(501)	(465)	(562)	(604)	(642)	(1,618)	(2,273)
Acquisition Related and Non-Recurring Costs	-	(47)	-	-	(114)	-	(161)
<b>Adjusted Product Development</b>	<b>\$18,007</b>	<b>\$17,542</b>	<b>\$18,141</b>	<b>\$17,728</b>	<b>\$18,562</b>	<b>\$66,373</b>	<b>\$71,973</b>
General and Administrative	\$32,164	\$35,736	\$34,926	\$35,089	\$31,538	\$127,321	\$137,289
<b>Adjusted for the Following:</b>							
Stock-based Compensation Expense	(6,252) <sup>1</sup>	(6,201) <sup>1</sup>	(6,549) <sup>1</sup>	(5,159) <sup>1</sup>	(4,811) <sup>1</sup>	(22,070)	(22,720)
Acquisition Related and Non-Recurring Costs	(1,570)	(2,232) <sup>2</sup>	(2,453)	(3,293)	(2,073)	(6,834)	(10,051)
<b>Adjusted General and Administrative</b>	<b>\$24,342</b>	<b>\$27,303</b>	<b>\$25,924</b>	<b>\$26,637</b>	<b>\$24,654</b>	<b>\$98,417</b>	<b>\$104,518</b>

<sup>1</sup> Includes approximately \$0.1M of stock-based compensation expense recorded to cost of revenues

<sup>2</sup> Includes approx. 400k of severance payments recorded to cost of revenues

Note: minor rounding differences may exist in the figures presented

# Definitions

**Adjusted Gross Profit:** Adjusted Gross Profit is calculated as gross profit adjusted to exclude depreciation and amortization allocated to cost of revenues. Gross profit is calculated as total revenues less cost of revenues (exclusive of depreciation and amortization), amortization of developed technology, amortization of capitalized software and depreciation expense (allocated to cost of revenues).

**Adjusted EBITDA:** Adjusted EBITDA is calculated as net income (loss), adjusted to exclude interest and other expense, net, income tax expense (benefit), loss on debt extinguishment, depreciation and amortization, other amortization, acquisition-related and non-recurring costs, and stock-based compensation. Other amortization includes amortization for capitalized contract acquisition costs. Non-recurring costs are specific deal-related costs such as legal fees, financial and tax due diligence, consulting and escrow fees as well as expenses such as system implementation costs and severance related to planned restructuring activities. Non-recurring costs are excluded as they are not representative of our underlying operating performance.

**Pro Forma Revenue Growth Rate:** Our year-over-year Pro Forma Revenue Growth Rate is calculated as though all acquisitions closed 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) to our results of operations, 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.

**CLTV / CAC Ratio and Payback Period:** Customer lifetime value (CLTV) is the average revenue per customer over the number of months in the customer lifetime, net of cost of revenue (exclusive of depreciation and amortization). We calculate lifetime value of a customer using a projected average customer lifetime, which we extrapolate by taking actual customer retention data for months 1-24 of a customer's lifetime and projecting customer retention data beyond month 24 using a monthly average rate of change over the prior 12 months. We then total the amount that an average customer produces in monthly revenue across the number of months in our projected average customer lifetime, and apply a gross margin factor, calculated as revenues less cost of revenues (exclusive of depreciation and amortization), to estimate a lifetime value. We calculate our customer acquisition costs (CAC) as the total of all of our direct sales and marketing expenses associated with acquiring new customers for a fiscal year divided by the total number of new customers acquired during such fiscal year. Direct sales and marketing expenses include fully loaded salary and commission as well as advertising costs. We have excluded certain overhead costs allocated to the sales and marketing department including but not limited to professional fees, recruiting, and office supplies as they are not costs that are directly related to acquiring incremental customers. Customer acquisition costs are calculated as if acquisitions that were closed during the periods presented were closed on the first day of the period.

**Annualized Net Revenue Retention:** The percentage of recurring revenue retained from existing customers over a 12 month period. It takes into account revenue increases from upsell and cross-sell, as well as revenue decreases from downgrades and cancellation.

**Adjusted Unlevered Free Cash Flow:** Adjusted Unlevered Free Cash Flow (aUFCF) is calculated as Adjusted EBITDA, less acquisition-related costs, other non-recurring costs, purchases of PP&E, capitalized software costs, and capitalized commissions. Acquisition-related costs, other non-recurring costs, capitalized software costs and capitalized commissions are costs that are excluded from Adjusted EBITDA but are cash costs and as such are included in the aUFCF calculation. Acquisition-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 system implementation costs and severance related to planned restructuring activities.

# Definitions

**Levered Free Cash Flow:** Levered Free Cash Flow (LFCF) is calculated as Cash Flow from Operations, adjusted for purchases of PP&E and capitalized software costs. Purchases of PP&E and capitalized software costs are cash expenses unrelated to financing activities and as such are included in the definition of LFCF.

**Adjusted Operating Expenses:** Adjusted Operating Expenses (Sales and Marketing, Product Development, and General and Administrative) are calculated as reported operating expense, adjusted to exclude stock-based compensation, other amortization, and acquisition-related and other non-recurring costs. Other amortization includes amortization for capitalized contract acquisition costs. Acquisition-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 system implementation costs and severance related to planned restructuring activities. Acquisition-related costs and other non-recurring costs are excluded as they are not representative of our underlying operating performance.

**Total Payments Volume (“TPV”):** Total Payments Volume is the annualized run rate volume of payments processed by an EverCommerce customer through an EverCommerce solution.