

# Q3'23 EARNINGS

November 1, 2023

# TODAY'S PRESENTERS



**MARC DEBEVOISE**  
CEO & Board Director



**ROB NORECK**  
EVP & Chief Financial Officer

# SAFE HARBOR STATEMENT

During today's presentation, we will make statements related to our business that may be considered forward-looking and are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995, including statements concerning our financial guidance for the fourth fiscal quarter of 2023 and the full year 2023, expected profitability and free cash flow, our position to execute on our go-to-market and growth strategy, our ability to expand our leadership position, our ability to maintain and upsell existing customers, as well as our ability to acquire new customers.

Forward-looking statements may often be identified with words such as we expect, we anticipate, upcoming, or similar indications of future expectations. These statements reflect our views only as of today and should not be reflected upon as representing our views of any subsequent date. These statements are subject to a variety of risks and uncertainties that could cause actual results to differ materially from expectations, including the effect of macro-economic conditions currently affecting the global economy. For a discussion on material risks and other important factors that could affect our actual results, please refer to those contained in our most recently filed Annual Report on Form 10-K and as updated by our other SEC filings.

Also, during the course of today's presentation, we will refer to certain non-GAAP financial measures. There is a reconciliation schedule showing GAAP versus non-GAAP results currently available in our press release issued after market close today, which can be found on our website at [www.brightcove.com](http://www.brightcove.com).

# Q3 FINANCIAL RESULTS

**\$51.0M**

Total revenue

**-5%**

YoY

**\$5.5M**

Adj. EBITDA

**+12%**

YoY

**11%**

MARGIN

# NEW BUSINESS STRENGTH

**3Q23**

**AVG. CONTRACT VALUE**

**YEAR-TO-DATE**

**+65%**  
YoY

**+2-3X**  
YoY

**+140%**  
YEAR-TO-DATE

**+35%**  
YEAR-TO-DATE  
EXCLUDING YAHOO

# PRODUCT ADVANCEMENTS

## ENTERPRISE

COMMUNICATIONS STUDIO™  
MARKETING STUDIO™

## MEDIA

Analytics™    Insights™

INCLUDING

SUBSCRIPTION & AD MONETIZATION  
CONTENT/ENGAGEMENT  
QUALITY OF EXPERIENCE

Numerous Integrations added  
YTD including:



- ▶ Ad Monetization
- ▶ Context Aware Encoding
- ▶ Playout & FAST capabilities

# KEY NEW CUSTOMER WINS

## ENTERPRISE MEDIA



# KEY CUSTOMER RENEWALS/ADD-ONS

## ENTERPRISE MEDIA

servicenow

 paloalto®  
NETWORKS

 CBS

 RAYCOM  
Sports

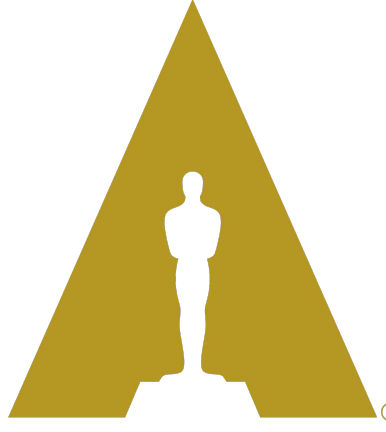
 AUTODESK

vmware®

 Blackstone

BAIN & COMPANY 

FUNNY OR DIE



 Chick-fil-A®

ESTÉE LAUDER

The Met  
ropolitan  
Opera

ACADEMY  
OF MOTION PICTURE  
ARTS AND SCIENCES

 NAVY  
FEDERAL  
Credit Union

DocuSign®

 amc  
THEATRES

 coupang



# **FINANCIALS**

**ROB NORECK**  
Chief Financial Officer

# REVENUE

**\$51.0**  
**MILLION**



Down  
5%  
YoY

# REVENUE

EXCLUDING OVERAGES

**\$49.6**

**MILLION**



# SUBSCRIPTION BACKLOG

**12 MONTH**

**TOTAL**

**\$121.1M**

up 6% YoY

**\$174.2M**

up 21% YoY

# **GAAP NET LOSS AND EPS**

**(\$2.4)**

**MILLION**

**EPS (\$0.06)**

# FINANCIAL RESULTS

**\$51.0M**  
MILLION

Down  
5%  
YoY

**GAAP NET LOSS**

**(\$2.4)**  
MILLION

**ADJUSTED EBITDA**

**\$5.5**  
MILLION

Up  
12%  
YoY

# ADJUSTED EBITDA

**\$5.5**

**MILLION**

**11% of Revenue**



Up **12%**  
YoY

# GUIDANCE

	<b>Q4'23</b>		<b>FY'23</b>	
	<b>LOW</b>	<b>HIGH</b>	<b>LOW</b>	<b>HIGH</b>
<b>Revenue</b>	\$49.0M	\$51.0M	\$200M	\$202M
<b>Non-GAAP Op Inc/(Loss)</b>	\$0.3M	\$2.3M	(\$2.5M)	(\$0.5M)
<b>Adjusted EBITDA</b>	\$4.0M	\$6.0M	\$10.4M	\$12.4M
<b>Non-GAAP EPS</b>	\$0.00	\$0.05	(\$0.09)	(\$0.04)





# Q&A

**THANK  
YOU**

# APPENDIX - NON-GAAP FINANCIAL MEASURES

Brightcove has provided in this release the non-GAAP financial measures of non-GAAP gross profit, non-GAAP gross margin, non-GAAP income (loss) from operations, non-GAAP net income (loss), adjusted EBITDA, non-GAAP diluted net income (loss) per share, and revenue and adjusted EBITDA on a constant currency basis. Brightcove uses these non-GAAP financial measures internally in analyzing its financial results and believes they are useful to investors, as a supplement to GAAP measures, in evaluating Brightcove's ongoing operational performance. Brightcove believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing its financial results with other companies in Brightcove's industry, many of which present similar non-GAAP financial measures to investors. As noted, the non-GAAP financial results discussed above of non-GAAP gross profit, non-GAAP gross margin, non-GAAP income (loss) from operations, non-GAAP net income (loss) and non-GAAP diluted net income (loss) per share exclude stock-based compensation expense, amortization of acquired intangible assets, merger-related and restructuring expenses, restructuring and other (benefit) expense. The non-GAAP financial results discussed above of adjusted EBITDA is defined as consolidated net income (loss), plus other income/expense, including interest expense and interest income, the provision for income taxes, depreciation expense, the amortization of acquired intangible assets, stock-based compensation expense, merger-related and restructuring expenses, restructuring and other (benefit) expense. Merger-related expenses include fees incurred in connection with an acquisition and restructuring expenses include primarily cash severance costs. Revenue and adjusted EBITDA on a constant currency basis reflect our revenues and adjusted EBITDA using exchange rates used for Brightcove's Fiscal Year 2023 outlook on Brightcove's press release on February 23, 2023. Non-GAAP financial measures have limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Investors are encouraged to review the reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measures. As previously mentioned, a reconciliation of our non-GAAP financial measures to their most directly comparable GAAP measures has been provided in the financial statement tables included below in this press release. The Company's earnings press releases containing such non-GAAP reconciliations can be found on the Investors section of the Company's web site at <http://www.brightcove.com>.

**Brightcove Inc.**  
**Condensed Consolidated Balance Sheets**  
(in thousands)

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 16,422	\$ 31,894
Accounts receivable, net of allowance	30,262	26,004
Prepaid expenses and other current assets	19,743	19,422
Total current assets	66,427	77,320
Property and equipment, net	42,730	39,677
Operating lease right-of-use asset	16,823	18,671
Intangible assets, net	7,290	10,279
Goodwill	74,859	74,859
Other assets	6,016	7,007
Total assets	<u>\$ 214,145</u>	<u>\$ 227,813</u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 13,857	\$ 11,326
Accrued expenses	17,519	26,877
Operating lease liability	4,403	4,157
Deferred revenue	67,248	61,597
Total current liabilities	103,027	103,957
Operating lease liability, net of current portion	18,143	20,528
Other liabilities	673	981
Total liabilities	121,843	125,466
Stockholders' equity:		
Common stock	44	42
Additional paid-in capital	325,402	314,825
Treasury stock, at cost	(871)	(871)
Accumulated other comprehensive loss	(1,845)	(1,593)
Accumulated deficit	(230,428)	(210,056)
Total stockholders' equity	92,302	102,347
Total liabilities and stockholders' equity	<u>\$ 214,145</u>	<u>\$ 227,813</u>

**Brightcove Inc.**  
**Condensed Consolidated Statements of Operations**  
(in thousands, except per share amounts)



	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue:				
Subscription and support revenue	\$ 48,571	\$ 51,814	\$ 144,686	\$ 156,403
Professional services and other revenue	2,409	2,130	6,345	5,367
Total revenue	50,980	53,944	151,031	161,770
Cost of revenue: (1) (2)				
Cost of subscription and support revenue	16,892	18,247	51,760	52,172
Cost of professional services and other revenue	2,369	1,816	6,269	5,575
Total cost of revenue	19,261	20,063	58,029	57,747
Gross profit	31,719	33,881	93,002	104,023
Operating expenses: (1) (2)				
Research and development	8,730	7,931	28,941	24,540
Sales and marketing	17,222	19,023	55,721	55,272
General and administrative	7,941	7,748	27,410	24,391
Merger-related	117	-	307	747
Other expense	-	-	-	1,149
Total operating expenses	34,010	34,702	112,379	106,099
(Loss) income from operations	(2,291)	(821)	(19,377)	(2,076)
Other expense (income), net	130	(668)	9	(1,880)
Loss before income taxes	(2,161)	(1,489)	(19,368)	(3,956)
Loss (benefit) from provision for income taxes	260	191	1,004	(338)
Net loss	\$ (2,421)	\$ (1,680)	\$ (20,372)	\$ (3,618)
Net loss per share—basic and diluted				
Basic	\$ (0.06)	\$ (0.04)	\$ (0.47)	\$ (0.09)
Diluted	(0.06)	(0.04)	(0.47)	(0.09)
Weighted-average shares—basic and diluted				
Basic	43,332	41,972	42,976	41,712
Diluted	43,332	41,972	42,976	41,712
(1) Stock-based compensation included in above line items:				
Cost of subscription and support revenue	\$ 122	\$ 132	\$ 389	\$ 385
Cost of professional services and other revenue	92	76	284	334
Research and development	598	378	1,837	2,035
Sales and marketing	1,057	1,015	3,157	2,857
General and administrative	1,541	1,245	4,773	4,109
Other expense	-	-	-	249
(2) Amortization of acquired intangible assets included in the above line items:				
Cost of subscription and support revenue	\$ 547	\$ 376	\$ 1,749	\$ 1,156
Sales and marketing	406	417	1,239	1,246

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



	<b>Nine Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Operating activities</b>		
Net loss	\$ (20,372)	\$ (3,618)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	12,244	7,141
Stock-based compensation	10,440	9,969
Provision for reserves on accounts receivable	138	166
Changes in assets and liabilities:		
Accounts receivable	(4,556)	(1,871)
Prepaid expenses and other current assets	(684)	(1,351)
Other assets	1,042	38
Accounts payable	3,065	863
Accrued expenses	(6,737)	(242)
Operating leases	(291)	5,202
Deferred revenue	6,017	3,452
Net cash provided by (used in) operating activities	<u>306</u>	<u>19,749</u>
<b>Investing activities</b>		
Cash paid for acquisition, net of cash acquired	-	(13,215)
Purchases of property and equipment, net of returns	(2,820)	(8,617)
Capitalization of internal-use software costs	(10,037)	(9,678)
Net cash used in investing activities	<u>(12,857)</u>	<u>(31,510)</u>
<b>Financing activities</b>		
Proceeds from exercise of stock options	-	142
Deferred acquisition payments	(1,700)	-
Other financing activities	(256)	(50)
Net cash (used in) provided by financing activities	<u>(1,956)</u>	<u>92</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(965)</u>	<u>(2,722)</u>
Net decrease in cash and cash equivalents	(15,472)	(14,391)
Cash and cash equivalents at beginning of period	31,894	45,739
Cash and cash equivalents at end of period	<u>\$ 16,422</u>	<u>\$ 31,348</u>

**Brightcove Inc.**  
**Reconciliation of GAAP Gross Profit, GAAP Loss (Income) From Operations, GAAP Net Loss and GAAP Net Loss Per Share to**  
**Non-GAAP Gross Profit, Non-GAAP Income (Loss) From Operations, Non-GAAP Net (Loss) Income and Non-GAAP Net (Loss) Income Per Share**  
(in thousands, except per share amounts)

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>GROSS PROFIT:</b>				
GAAP gross profit	\$ 31,719	\$ 33,881	\$ 93,002	\$ 104,023
Stock-based compensation expense	214	208	673	719
Amortization of acquired intangible assets	547	376	1,749	1,156
Restructuring	6	-	104	-
Non-GAAP gross profit	<u>\$ 32,486</u>	<u>\$ 34,465</u>	<u>\$ 95,528</u>	<u>\$ 105,898</u>
GAAP gross profit as a percentage of revenue	62%	63%	62%	64%
Stock-based compensation expense	0.4%	0.4%	0.4%	0.4%
Amortization of acquired intangible assets	1.1%	0.7%	1.2%	0.7%
Restructuring	0.0%	0.0%	0.1%	0.0%
Non-GAAP gross profit as a percentage of revenue	<u>64%</u>	<u>64%</u>	<u>63%</u>	<u>65%</u>
<b>INCOME (LOSS) FROM OPERATIONS:</b>				
GAAP (loss) income from operations	\$ (2,291)	\$ (821)	\$ (19,377)	\$ (2,076)
Stock-based compensation expense	3,410	2,846	10,440	9,720
Amortization of acquired intangible assets	953	793	2,988	2,402
Merger-related	117	-	307	747
Restructuring	74	-	2,830	-
Other expense	-	-	-	1,149
Non-GAAP income (loss) from operations	<u>\$ 2,263</u>	<u>\$ 2,818</u>	<u>\$ (2,812)</u>	<u>\$ 11,942</u>
<b>NET INCOME (LOSS):</b>				
GAAP net loss	\$ (2,421)	\$ (1,680)	\$ (20,372)	\$ (3,618)
Stock-based compensation expense	3,410	2,846	10,440	9,720
Amortization of acquired intangible assets	953	793	2,988	2,402
Merger-related	117	-	307	747
Restructuring	74	-	2,830	-
Other expense	-	-	-	1,149
Non-GAAP net income (loss)	<u>\$ 2,133</u>	<u>\$ 1,959</u>	<u>\$ (3,807)</u>	<u>\$ 10,400</u>
GAAP diluted net loss per share	<u>\$ (0.06)</u>	<u>\$ (0.04)</u>	<u>\$ (0.47)</u>	<u>\$ (0.09)</u>
Non-GAAP diluted net income (loss) per share	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>\$ (0.09)</u>	<u>\$ 0.25</u>
Shares used in computing GAAP diluted net loss per share	43,332	41,972	42,976	41,712
Shares used in computing Non-GAAP diluted net income per share	43,364	42,148	42,976	42,080

**Brightcove Inc.**  
**Calculation of Adjusted EBITDA**  
(in thousands)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Net loss	\$ (2,421)	\$ (1,680)	\$ (20,372)	\$ (3,618)
Other expense, net	(130)	668	(9)	1,880
Loss (benefit) from income taxes	260	191	1,004	(338)
Depreciation and amortization	4,236	2,914	12,244	7,141
Stock-based compensation expense	3,410	2,846	10,440	9,720
Merger-related	117	-	307	747
Restructuring	74	-	2,830	-
Other expense	-	-	-	1,149
Adjusted EBITDA	<u>\$ 5,546</u>	<u>\$ 4,939</u>	<u>\$ 6,444</u>	<u>\$ 16,681</u>



Brightcove Inc.

Reconciliation of Revenue on a Constant Currency Basis and Calculation of Adjusted EBITDA on a Constant Currency Basis  
(in thousands)

	<u>Three Months Ended September 30,</u> <u>2023</u>	<u>Nine Months Ended September 30,</u> <u>2023</u>
Total revenue	\$ 50,980	\$ 151,031
Constant currency adjustment	323	161
Total revenue on a constant currency basis	<u>\$ 51,303</u>	<u>\$ 151,192</u>
	<u>Three Months Ended September 30,</u> <u>2023</u>	<u>Nine Months Ended September 30,</u> <u>2023</u>
Adjusted EBITDA	\$ 5,546	\$ 6,444
Constant currency adjustment	636	860
Adjusted EBITDA on a constant currency basis	<u>\$ 6,182</u>	<u>\$ 7,304</u>