

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, 2022

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: 001-35429

**BRIGHTCOVE INC.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction  
of incorporation)  
281 Summer Street  
Boston, Massachusetts  
(Address of principal executive offices)

20-1579162  
(I.R.S. Employer  
Identification No.)

02210  
(Zip Code)

(888) 882-1880

(Registrant's telephone number, including area code)  
Securities Registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Exchange on Which Registered</u>
Common Stock, par value \$0.001 per share	BCOV	The NASDAQ Global Market
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 <input type="checkbox"/> No <input checked="" type="checkbox"/>	
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 <input type="checkbox"/> No <input checked="" type="checkbox"/>	
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 <input checked="" type="checkbox"/> No <input type="checkbox"/>	
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 <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.		
Large accelerated filer <input type="checkbox"/>		Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>		Smaller reporting company <input type="checkbox"/>
Emerging growth company <input type="checkbox"/>		

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

Indicate by check mark whether the registrant 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.

Yes  No

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 Exchange Act). Yes  No

The aggregate market value of common stock held by non-affiliates of the registrant based on the closing price of the registrant's common stock as reported on the NASDAQ Global Market on June 30, 2022, was \$261,780,929.

As of February 20, 2023, there were 42,327,319 shares of the registrant's common stock, \$0.001 par value per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement relating to its 2023 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. Such Proxy Statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

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BRIGHTCOVE INC.

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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains “forward-looking statements” that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. The statements contained in this Annual Report on Form 10-K that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or Exchange Act. Such forward-looking statements include any expectation of earnings, revenue or other financial items; any statements of the plans, strategies and objectives of management for future operations; factors that may affect our operating results; statements related to adding employees; statements related to potential benefits of acquisitions; statements related to future capital expenditures; statements related to future economic conditions or performance; statements as to industry trends and other matters that do not relate strictly to historical facts or statements of assumptions underlying any of the foregoing. Forward-looking statements are often identified by the use of words such as, but not limited to, “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “will,” “plan,” “project,” “seek,” “should,” “target,” “will,” “would,” and similar expressions or variations intended to identify forward-looking statements. These statements are based on the beliefs and assumptions of our management based on information currently available to management. Such forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled “Risk Factors” included in Item 1A of Part I of this Annual Report on Form 10-K, and the risks discussed in our other Securities and Exchange Commission, or SEC, filings. Furthermore, such forward-looking statements speak only as of the date of this report. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements. Forward-looking statements in this Annual Report on Form 10-K may include statements about:

- our ability to achieve profitability;
- our competitive position and the effect of competition in our industry;
- our ability to retain and attract new customers;
- our ability to penetrate existing markets and develop new markets for our services;
- our ability to retain or hire qualified accounting and other personnel;
- our ability to successfully integrate acquired businesses;
- our ability to protect our intellectual property and operate our business without infringing upon the intellectual property rights of others;
- our ability to maintain the security and reliability of our systems;
- our estimates with regard to our future performance and total potential market opportunity;
- our estimates regarding our anticipated results of operations, future revenue, bookings growth, capital requirements and our needs for additional financing; and
- our goals and strategies, including those related to revenue and bookings growth.

## SUMMARY OF THE MATERIAL RISKS ASSOCIATED WITH OUR BUSINESS

Our business is subject to numerous risks and uncertainties that you should be aware of in evaluating our business, including those described in the “Risk Factors” section in Part I, Item 1A. of this Annual Report on Form 10-K. These risks and uncertainties include, but are not limited to, the following:

- We have a history of losses, we may continue to incur losses and we may not achieve or sustain profitability in the future.
- Substantially all of our revenue has historically come from a single product, Video Cloud.
- If we are unable to retain our existing customers, our revenue and results of operations will be adversely affected.
- Our long-term financial targets are predicated on bookings and revenue growth and operating margin improvements that we may fail to achieve, which could reduce our expected earnings and cause us to fail to meet the expectations of analysts or investors and cause the price of our securities to decline.
- The actual market for our products and solutions could be significantly smaller than our estimates of our total potential market opportunity, and if customer demand for our services does not meet expectations, our ability to generate revenue and meet our financial targets could be adversely affected.
- Our business is substantially dependent upon the continued growth of the market for on-demand software solutions.
- Our operating results may fluctuate from quarter to quarter, which could make them difficult to predict.
- We operate in a rapidly developing market, which makes it difficult to evaluate our business and future prospects.
- Our long-term success depends, in part, on our ability to expand the sales of our products to customers located outside of the United States, and thus our business is susceptible to risks associated with international sales and operations.
- We are impacted by constantly-evolving government and industry regulation of the Internet, data privacy, and cybersecurity, which could directly restrict our business or indirectly affect our business by limiting the growth of our markets.
- We use cloud computing services facilities to deliver our services, and disruption of service at these facilities could harm our business.

The summary risk factors described above should be read together with the text of the full risk factors below, in the section entitled “Risk Factors” and in the other information set forth in this Annual Report on Form 10-K, including our financial statements and the related notes, as well as in other documents that we file with the U.S. Securities and Exchange Commission, or the SEC. If any such risks and uncertainties actually occur, our business, prospects, financial condition and results of operations could be materially and adversely affected. The risks summarized above or described in full below are not the only risks that we face. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial may also materially adversely affect our business, prospects, financial condition and results of operations.

## PART I

### Item 1. Business

#### Overview

Brightcove Inc., or Brightcove®, is a leading global provider of cloud-based streaming services with a mission to be the most trusted streaming technology company in the world. With our Emmy®-winning technology and award-winning services, we help our customers realize the potential of video to address business-critical challenges. Customers rely on our suite of products, services, and expertise to reduce the cost and complexity associated with publishing, distributing, measuring and monetizing video across devices.

Brightcove was incorporated in Delaware in August 2004 and our corporate headquarters are in Boston, Massachusetts. As of December 31, 2022, we had 2,845 customers in over 60 countries, including many of the world's leading media companies, broadcasters, publishers, sports and entertainment companies, fashion and hospitality brands, faith-based institutions, retail and e-commerce platforms, and hi-tech organizations, as well as governments, educational institutions and non-profit organizations.

We sell six core video products that help our customers use video to further their businesses in meaningful ways:

- (1) Brightcove Video Cloud™, or Video Cloud, our flagship product and the world's leading online video streaming platform, enables our customers to quickly and easily distribute high-quality video to Internet-connected devices;
- (2) Brightcove Live™, our industry-leading solution for live streaming, delivers high-quality viewer experiences at scale;
- (3) Brightcove Beacon®, a purpose-built application that enables companies to launch premium over-the-top, or OTT, video experiences quickly and cost effectively, across devices and with the flexibility of multiple monetization models;
- (4) Brightcove Player™, an exceptionally fast, cloud-based technology for creating and managing video experiences;
- (5) Zencoder®, a powerful, cloud-based video encoding technology; and
- (6) Brightcove Audience Insights™, a business intelligence platform designed to provide our customers actionable intelligence on their viewers and subscribers with various out-of-the-box reports.

Customers can complement their use of our core video products with modular technologies that provide enhanced capabilities such as:

- (1) innovative ad insertion and video stitching through Brightcove SSAI™;
- (2) improving their ad monetization strategies to earn more revenue through the use of the Brightcove Ad Network™;
- (3) efficiently manage their video presence across social networks, including Facebook®, Twitter®, YouTube®, and LinkedIn®, through the use of Brightcove Social™;
- (4) an app for creating marketing campaigns with insightful data and industry benchmarks through Brightcove Campaign™;
- (5) the ability to create branded video experiences by accessing templates with built-in best practices through Brightcove Gallery™; and
- (6) providing tools that enable our customers to make their video experiences interactive for their viewers with interaction options through Brightcove Interactivity™.

We have also brought to market several video solutions, which are suites of video technologies that address specific customer use-cases and needs, including:

- (1) Brightcove Marketing Studio™, which includes Brightcove Video Marketing Suite™, or Video Marketing Suite, and enables marketers to use video to drive brand awareness, engagement and conversion;

(2) Brightcove Communications Studio™, which includes Brightcove Enterprise Video Suite™, or Enterprise Video Suite, and provides an enterprise-class platform for internal communications, employee training, live streaming, marketing and ecommerce videos;

(3) Brightcove CorpTV™ which offers companies a new way to deliver marketing and communication videos, product announcements, training programs, and other live and on-demand content through an immersive customer-branded experience; and

(4) Brightcove Virtual Events™ which helps brands transform events into bespoke virtual experiences.

We primarily generate revenue by offering our products to customers on a subscription-based, software as a service, or SaaS, model. Our revenue has remained relatively steady from \$211.1 million in the year ended December 31, 2021 to \$211.0 million in the year ended December 31, 2022. As of December 31, 2022, we had 2,845 customers, of which 2,235 used our premium offerings and 610 used our volume offerings. Substantially all of our revenue has historically been attributable to our Video Cloud product, and we expect that revenue from Video Cloud will continue to comprise a significant portion of our revenue. In addition to being offered on a stand-alone basis, Video Cloud is also a core component of Brightcove Marketing Studio, Brightcove Communications Studio, Brightcove Beacon, Brightcove Virtual Events, and Brightcove CorpTV.

## Our Solutions

Our solutions provide our customers with the following key benefits:

- *Comprehensive, modular and scalable solutions.* Our core products and solutions meet a range of video publishing and distribution needs, and can be integrated with modular technology to create customized video workflows. We offer end-to-end solutions of video technologies built for media companies and marketers, as well as modular solutions that customers can license on a stand-alone basis and integrate into their existing video workflows. In addition, our multi-tenant architecture enables us to deliver each of our solutions across our customer base with a single version of our software for each product, making it easier to scale our solutions as our customer base and end user base expands.
- *Easy to use and low total cost of ownership.* We designed our products to be intuitive and easy to use. We provide reliable, cost-effective, on-demand solutions to our customers, relieving them of the cost, time and resources associated with in-house solutions and enabling them to be up and running quickly after signing with us.
- *Open platforms and extensive ecosystem.* Our open platform enables developers to easily access our public-facing APIs and build and manage integrations with our products. The Brightcove Marketplace™, which launched in 2021, is a venue for our customers to discover and connect with our technology partners who specialize in areas such as content creation, fanbase engagement, and monetization of video assets. The Brightcove Marketplace features several dozen integrations, from leading technologies like Google, Wordpress, Oracle and Adobe, to niche emerging technologies. Our global ecosystem of partners also includes companies like Amazon, Akamai, and Fastly, among others.
- *Help customers achieve business objectives.* Our customers use our products to achieve critical business objectives such as monetizing content, increasing conversion rates for transactions, engaging audiences, increasing brand awareness and expanding their audiences, driving site traffic, increasing viewer engagement on their sites, internal communications, employee training and customer support. We believe our customers view us as a strategic partner in part because our business model is not dependent on building our own audience or generating our own ad revenue. We also take a consultative approach to meet our customers' unique business needs. Our business interests align with our customers' interests, as we each benefit from the success of our customers' online video strategy.
- *Ongoing customer-driven development.* Through our sales engineers, customer success and support teams, product teams and regular outreach from senior leadership, we solicit and capture feedback from our customer base for incorporation into ongoing enhancements to our solutions. We regularly provide our customers with enhancements to our products. Delivering cloud-based solutions allows us to serve additional customers with little incremental expense and to deploy innovations and best practices quickly and efficiently to our existing customers.

## Our Business Strengths

We believe that the following business strengths differentiate us from our competitors and are key to our success:

- *We are the recognized online video platform market leader.* In 2022, our customers used Video Cloud to deliver over 45 billion streams, or an average of approximately 3.77 billion streams per month, which we believe is more video

streams per month than any other professional solution. We have over 100 industry-leading patents and were recognized with two Emmy® Awards for excellence and creativity in technology and engineering for our encoding and transcoding technology in January 2021. We have also been recognized and received numerous awards for our market leadership from industry analysts and associations such as Frost & Sullivan, Gartner, and the Technology & Services Industry Association for Support Staff Excellence. Most recently, we were recognized by Aragon Research Globe in January 2022 for being a leader in enterprise video, and in April 2022, PLAYTV by Brightcove was named a 2022 Webby Honoree in the Apps and Software category for Best OTT Service. The Brightcove platform was used to stream and enable many events worldwide, including several high-profile virtual events throughout 2022, such as the 2022 South by Southwest® Conference and Festival and the Melbourne Symphony Orchestra's 2022 season.

- *We have established a global presence.* We have established a global presence with operations in the United States, Canada, Europe, Japan, Korea, Asia Pacific, India and Mexico. We built our solutions to be localized into almost any language and we offer 24/7 customer support worldwide. As of December 31, 2022, organizations throughout the world used Video Cloud to reach viewers in approximately 247 countries and territories.
- *We have high visibility and predictability in our business.* We generally sell our subscription and support services through monthly or annual contracts and recognize revenue ratably over the committed term. The majority of our revenue comes from annual contracts. Our existing contracts provide us with visibility into revenue that has not yet been recognized. We have also achieved an overall recurring dollar retention rate of at least 84% in each of the last four fiscal quarters, including 91%, 84%, 95% and 87% for the three months ended March 31, 2022, June 30, 2022, September 30, 2022 and December 31, 2022, respectively. Our business model and customer loyalty provide greater levels of recurring revenue and predictability compared to traditional, perpetual-license business models.
- *We have customers of all sizes across multiple industries.* We offer different editions of our products tailored to meet the needs of organizations of various sizes and across industries. Our offerings range from entry-level editions to enterprise-level editions used by multiple departments in a single organization.
- *Our management team has experience building and scaling software companies.* Our senior leadership team has experience building and scaling streaming business and software companies. Members of our senior leadership team have held senior product, business and technology roles at companies such as AMC Networks, CBS Interactive, Fidelity Investments, Comcast NBCUniversal, Oracle, Progress Software, Starz, Tableau, TelevisaUnivision, and WarnerMedia.

## **Our Customers**

As of December 31, 2022, we had 2,845 customers in over 60 countries and territories. We provide our solutions to many of the world's leading media companies, broadcasters, publishers, sports and entertainment companies, fashion and hospitality brands and corporations, faith-based institutions, retail and e-commerce platforms, and hi-tech organizations, as well as governments, educational institutions and non-profit organizations. We believe our solutions can benefit any organization with digital video content.

## **Our Products and Services**

We create technology that helps our customers use video to further their businesses in meaningful ways. To that end, we sell six core video products: Brightcove Video Cloud, Brightcove Live, Brightcove Beacon, the Brightcove Player, Zencoder, and Brightcove Audience Insights. Several of our core products can be enhanced with modular technologies that target a specific business need. We have also brought to market several video solutions, which are technology packages that address particular customer use-cases.

### **Core Video Products**

#### **1. Brightcove Video Cloud**

Brightcove Video Cloud is the world's leading online video streaming platform. It enables our customers to publish and distribute video to Internet-connected devices quickly, easily and in a cost-effective and high-quality manner. Our innovative technology and intuitive user interface give customers control over a wide range of features and functionality needed to publish and deliver a compelling user experience, including the ability to:

- upload videos in various formats for adaptive encoding that maximizes quality and minimizes file size, and deliver videos to myriad operating systems, including web-based experiences, smartphones, tablets, media streaming devices and connected TVs;



- organize and manage their media library by creating playlists and setting rules to define where and when videos can be viewed;
- rely on fast load times, fast video starts, and easily-configured players, which include built-in support for advertising, analytics and content protection, and provide a consistent cross-platform playback experience;
- broadcast live video with multiple live streams at different quality levels and renditions that best match each viewer's available bandwidth, processor utilization and player size;
- expand audience reach by leveraging the social network of their viewers, including sharing complete videos or video clips through Facebook, YouTube, Twitter, LinkedIn, Hootsuite, and other social destinations;
- grow and monetize their audience with video ad features such as tools for ad insertions and built-in ad server and network integrations;
- optimize and support online video publishing and distribution strategy through video analytics;
- customize, extend and integrate with our platform through APIs and SDKs for iOS, tvOS, Android and AndroidTV and
- securely stream corporate live and on-demand video communications to employees' devices using the Brightcove Engage™ platform.

## **2. *Brightcove Live***

Brightcove Live is our live streaming solution, which enables non-technical users to set up live events without the need for hardware encoders or development work. Brightcove Live leverages our globally distributed architecture, and delivers high quality viewer experience across multiple platforms and devices. It includes features such as live clipping, which allows customers to create and publish clips of a live stream to social channels; security through DRM encryption; the ability to create video-on-demand assets from a live stream; and the ability to allow viewers to pause, play and rewind a live stream.

## **3. *Brightcove Beacon***

Brightcove Beacon is a purpose-built app that enables our customers to launch premium OTT video experiences quickly and cost effectively across mobile, web, smart TVs and connected TVs, with the flexibility of multiple monetization models. It allows customers to curate and deliver content to their audience segments, automate the curation of playlists and carousels, securely store and deliver content with DRM protection, automate content availability windows and configure VOD and live content offerings for any demographic changes that occur throughout the day or week. Customers can also manage viewers with a frictionless viewer registration experience, and offer viewer profiles to maintain watch history and preferences and manage stream concurrency and account sharing. Through Brightcove Beacon, customers can also gather insights on viewer behavior to inform their decisions about programming, layout and monetization.

## **4. *Brightcove Player***

The Brightcove Player offers leading video player technology with a cloud-based service for creating and managing video player experiences across the maximum range of operating systems and platforms. It leverages HTML5-first technology and is designed to have the fastest load times and the fastest video starts. The Brightcove Player is optimized to reduce network traffic and allows customers to deploy changes to thousands of player embeds with batch publishing to accelerate time-to-market. The Brightcove Player allows for responsive design, social sharing tools, and support for adaptive bitrate streaming, and is easily customized with APIs, SDKs and a robust ecosystem of plugins and integrations, including built-in support for advertising, analytics and content protection, as well as numerous open-source plugins from the Video.js community.

## **5. *Zencoder***

Zencoder is a cloud-based video encoding service, providing extremely fast, high-quality, and reliable encoding of live and on-demand video and access to highly scalable encoding power without the expense, management, and scalability limitations of traditional hardware and software. Customers are able to integrate Zencoder with a simple API, and manage accounts and encoding jobs from an intuitive online dashboard. Zencoder accepts files in an extensive range of formats and codecs, supports video output to a multitude of devices, and includes tools to support high quality video output and to adjust and edit video. It is globally distributed and includes advanced security features.

## **6. *Brightcove Audience Insights***

Brightcove Audience Insights is a business intelligence platform specifically designed for video businesses. With Brightcove Audience Insights our customers have a unified view into their viewers and subscribers with various out-of-the-box reporting and insights to better understand their viewers' and subscribers' engagement. Brightcove Audience Insights makes it easy for our customers to take action on their video data by using audience segment functionality to improve acquisition, service engagement, and reduce churn.

## ***Modular Technologies***

### ***1. Brightcove SSAI***

Brightcove SSAI is an innovative, cloud-based, server-side ad insertion and video stitching service that addresses the limitations of traditional online video ad insertion technology. SSAI reduces or eliminates the need for platform-specific ad technology and makes it possible for customers to reliably deliver live or on-demand video with dynamically-customized programming and targeted ads to the maximum range of devices.

### ***2. Brightcove Ad Network***

The Brightcove Ad Network is our end-to-end ad monetization service for media companies who want to increase their ad revenue. Our solution supports live and VOD monetizations through strategic integrations, leading industry expertise, and provides customers with unique insights into performance of ads served through our platform.

### ***3. Brightcove Social***

Brightcove Social is a tool for managing video presence across social networks from a single interface. With Brightcove Social, customers can clip and publish videos from Video Cloud to the native playback environments of Facebook, YouTube, Twitter, LinkedIn, and Hootsuite, as well as their own websites, and track video performance across these destinations from a single location.

### ***3. Brightcove Campaign***

Brightcove Campaign is a purpose-built application that enables marketers to easily create video-driven marketing campaigns that yield insightful data with the ability to compare video performance to a variety of industry benchmarks. Brightcove Campaign also includes out-of-the-box marketing automation integrations with Eloqua, Marketo, HubSpot, and Salesforce and analytics integrations with Google and Adobe Analytics.

### ***4. Brightcove Interactivity***

Brightcove Interactivity™ provides a set of tools on or alongside a video that provide our customers' viewers with interaction options beyond those available on traditional linear video.

### ***5. Brightcove Gallery***

Brightcove Gallery is a service that helps customers create custom branded portals, video-centric landing pages, and live streaming event websites. Through Brightcove Gallery, customers access an intuitive interface and templates to easily create interactive video experiences that leverage marketing best practices and security features and help customers maximize revenue opportunities, expand audiences, and drive engagement.

## ***Video Solutions***

### ***1. Brightcove Marketing Studio***

Brightcove Marketing Studio, which includes our Video Marketing Suite, is a comprehensive solution designed to address the needs of marketers to drive awareness, engagement and conversion. Brightcove Marketing Studio is a bundled offering of Video Cloud, Brightcove Gallery, and Brightcove Social. It delivers functionality such as improved SEO, visibility and tracking of key prospects and customers, analytics, customized interactive video, video portals and landing pages. With Brightcove

Marketing Studio, we make it easy for marketing teams to access, implement, and measure video content across programs, using initiative workspaces tailored to each marketing function.

## **2. *Brightcove Communications Studio***

Brightcove Communications Studio, which includes our Enterprise Video Suite, is an enterprise-class platform that is designed to reduce the cost and complexity traditionally involved with internal video communications. The platform enables organizations to stream live internal town halls, train sales teams, ramp new employees, and build customized video portals. Brightcove Communications Studio is a bundled offering of Video Cloud, Gallery, and Brightcove Live. It offers security features like IP restriction, URL tokenization, and single sign on, as well as analytics on user-level video engagement.

## **3. *Brightcove CorpTV***

Brightcove CorpTV is a solution designed for companies to think and act like media brands. Brightcove CorpTV enables organizations to create channels that stream content to customers, employees, and other target audiences, each with their own, audience-specific, content. Brightcove CorpTV will help companies forge stronger connections with their customers, partners, and employees over any device, including smart TVs, by streaming branded stories, shows, case studies, demos, training content, speeches, panels, tech explainers, cause-related content, and entertaining diversions. Companies can even sell ad time, sponsorships, and premium content on their Brightcove CorpTV channels. Companies will be able to consolidate video repositories, measure viewership, and maintain a continuous connection with their audiences.

## **4. *Brightcove Virtual Events***

Brightcove Virtual Events provides a platform for customers to create bespoke, immersive live and always-on virtual experiences. We help customers create fully-branded experiences by integrating video into a customer's existing website or mobile app, and offer our proven technology and support to deliver high-quality, scalable experiences. We partner with leading event management services to provide customers the full suite of services needed for hosting virtual events. With Brightcove Virtual Events, customers seamlessly manage attendees, engage audiences with live keynotes and video-on-demand breakout sessions, display sponsor ads, access viewer analytics, secure their content, and rely on dedicated live technical and onboarding support.

### ***Editions***

Each of our products is offered to customers on a subscription-based SaaS model, with varying levels of usage entitlements, support and, in certain cases, functionality. Our customers generally pay us a monthly or annual subscription fee for access to our products. This model allows our customers to scale their level of investment and usage based on the size and complexity of their needs.

Video Cloud is offered in two product lines. The first product line is comprised of our premium product editions. All premium editions include functionality to publish and distribute video to Internet-connected devices, with higher levels of the premium editions providing additional features and functionality. The second product line is comprised of our volume product edition. Our volume editions target small and medium-sized businesses, or SMBs. Video Cloud is generally available in Starter, Pro and Enterprise editions. The volume editions provide customers with the same basic functionality that is offered in our premium product editions but have been designed for customers who have lower usage requirements and do not typically require advanced features or functionality.

Video Marketing Suite and Enterprise Video Suite are each generally available in Starter, Pro and Enterprise editions. The Starter edition for each provides customers with the same basic functionality that is offered in the Pro and Enterprise editions but has been designed for customers who have lower usage requirements and do not typically require advanced features and functionality. All Video Marketing Suite and Enterprise Video Suite customers are considered premium customers.

Zencoder customers are considered premium customers other than Zencoder customers on month-to-month contracts or pay-as-you-go contracts, which are considered volume customers.

All other customers are considered premium customers.

### ***Customer Success and Support***

Our customer success and customer support teams are involved from the very beginning of a customer's journey with Brightcove, leveraging our teams' global presence to engage with customers through multiple touchpoints and develop close customer relationships that have led to best-in-class CSAT scores. Our dedicated customer success team offers customized onboarding and related services to new and existing customers to help with technology setup and adoption, and maximizing the value of our products and services to help customers reach their business goals. This team is focused on ongoing customer success and engagement, as well as contract renewals and upsells to our customer base.

Customer support from our TSIA-certified team is included for all of our products, and provides customers access to our support team via a web portal. Customers who upgrade to premium editions of our support packages gain additional features such as faster response times, access to a dedicated Customer Success representative, additional contact options dedicated live event support, live channel monitoring, and 24x7x365 support.

We support our customers across time zones and in multiple languages, from offices in Boston, London, Sydney, Tokyo, Seoul, Singapore, Guadalajara and Chennai.

### ***Training***

We offer free basic online training to registered users of our products. We also offer customized, onsite training for customers that is priced on a per engagement basis.

### ***Professional Services***

While our products are easy for customers to use and deploy without any additional specialized services, we offer a range of professional services for customers who seek customization of our products, need assistance with their implementations, or require assistance with the integration of our products with in-house or third-party applications. These professional services are priced on a retainer, time and materials, or a per project basis and include projects such as content migrations from other vendors or in-house solutions, video player enhancements, mobile and connected TV app development, the creation of web pages optimized for video, and customization of virtual event experiences.

### **Sales and Marketing**

We sell our products primarily through our global direct sales organization. Our sales team is organized by the following geographic regions: Americas, Europe, Asia Pacific, and Japan. In the Middle East, we generate sales primarily through partner channels. We further organize our go-to-market approach by focusing our sales and marketing teams on selling to organizations in a wide range of industries: Enterprise organizations who use video to sell their products and services and/or engage with their employees and other stakeholders, and Media organizations who use our platform and solutions to monetize their content.

We also generate sales through a comprehensive channel partner program that includes: referral partners, solution partners, managed service providers, and resellers. Our ability to grow and maintain a global, diverse set of quality channel partners extends our market reach, which allows us to meet the specific nuances of local markets around the world, and reduces our overall cost of sales.

Additionally, we sell some of our Zencoder products through our website.

We generate customer leads, accelerate sales opportunities and build brand awareness through our marketing programs. Our marketing programs target executives, technology professionals and senior business leaders. Our marketing programs typically target specific geographies and industry segments. Our principal marketing programs include:

- public relations and social media;
- online event marketing activities, direct email, search engine marketing and display ads and blogs;
- field marketing events for customers and prospects;
- participation in, and sponsorship of, user conferences, trade shows and industry events;
- use of our website to provide product and organization information, as well as learning opportunities for potential customers;
- cooperative marketing efforts with partners, including joint press announcements, joint trade show activities, channel marketing campaigns and joint seminars;

- telemarketing and lead generation representatives who respond to incoming leads to convert them into new sales opportunities; and
- customer programs, including user meetings and our online customer community.

We have integrated Brightcove Marketing Studio into our other marketing technology solutions for campaign, website and social media purposes. In particular we use our own technology to host our ‘always-on-channel’ PLAY TV where we distribute video content to our customers, prospects and partners and regularly release new episodes.

## **Operations**

We have relationships with a number of third-party cloud computing platforms to provide our products and services to customers, and we believe that our agreements with these platforms are based on competitive market terms and conditions, including service level commitments. We take advantage of this geographically dispersed, third-party, cloud computing capacity to improve the responsiveness of our service and lower network latency for our customers.

Media delivery to end users, including video, audio, images and JavaScript components, is served primarily through CDN providers, including Akamai, Fastly, and AWS Cloudfront. We believe our agreements with our CDN providers are based on competitive market terms and conditions, including service level commitments from these CDN providers.

We entered into our initial agreement with Akamai in July 2010. It enables us to use Akamai CDN services for our own benefit and to resell Akamai CDN services to our customers. The current expiration date of the agreement is April 30, 2024.

We entered into our initial agreement with Fastly in May 2020. It enables us to use Fastly CDN services for our own benefit and to resell Fastly CDN services to our customers. The current expiration date of the agreement is May 31, 2024.

Our agreements with each of Akamai and Fastly contain a service continuation period following expiration of the agreement, which we believe is sufficient to enable transition to an alternative provider to avoid material disruption to our business or to our customers. Our agreement with Akamai provides that, upon termination, Akamai will continue to provide CDN services to our existing customers for up to twelve months. Our agreement with Fastly provides that, upon termination by Fastly, Fastly will continue to provide CDN services for up to six months.

We use AWS to provide cloud-based computing, storage and CDN services to our customers. We entered into our initial agreement with AWS on May 17, 2012. The current expiration date of our agreement with AWS is June 30, 2025. Our agreement with AWS provides that, upon termination, AWS will continue to store our content for 30 days and will, upon mutual agreement, provide additional post-termination assistance.

## **Intellectual Property**

We rely principally on a combination of trademark, patent, copyright and trade secret laws in the United States and other jurisdictions, as well as confidentiality procedures and contractual provisions to protect our proprietary technology, confidential information, business strategies and brands. We also believe that factors such as the technological and creative skills of our employees coupled with the creation of new features, functionality and products are essential to establishing and maintaining a technology leadership position. We enter into confidentiality and invention assignment agreements with our employees and consultants and confidentiality agreements with other third parties, and we rigorously control access to our proprietary technology.

In the United States, we have 54 issued and/or allowed patents and 6 patent applications pending. Internationally, we have 52 issued and/or allowed patents and we are currently pursuing 23 patent applications, including one patent application undergoing examination at the European Patent Office. We currently have patent applications pending in the United States, Canada, Australia, United Kingdom, Europe, Hong Kong, India, and Japan, and we may seek coverage in additional jurisdictions to the extent we determine such coverage is appropriate and cost-effective. Our issued patents cover a variety of technical domains relevant to our business, including aspects of publishing and distributing digital media online, cloud-based stream delivery and ad insertion.

Our registered trademarks in the United States include “BRIGHTCOVE”, “ZENCODER”, and our logo. Some of our trademarks are also registered in certain non-U.S. jurisdictions, including the United Kingdom, Japan and Canada. We may apply for registrations of other marks, and of these marks in additional jurisdictions, to the extent we determine such coverage is appropriate and cost-effective.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or obtain and use our technology to develop products with the same functionality as our solutions. Policing unauthorized use of our technology is difficult and expensive. Our competitors could also independently develop technologies equivalent to ours, and our intellectual property rights may not be broad enough for us to prevent competitors from selling products incorporating those technologies.

## **Competition**

We compete with video-sharing sites, in-house solutions, online video platforms and a broad range of other technology providers. Some of our actual and potential competitors may enjoy competitive advantages over us, such as larger marketing budgets and larger sales teams, as well as greater financial, technical and other resources. The overall markets for our products are fragmented, rapidly evolving and highly competitive.

We expect that the competitive landscape will change as our markets consolidate and mature. We believe the principal competitive factors in our industry include the following:

- total cost of ownership;
- breadth and depth of product functionality;
- ability to innovate and respond to customer needs rapidly;
- level of resources and investment in sales, marketing, product and technology;
- ease of deployment and use of solutions;
- level of integration into existing workflows, configurability, scalability and reliability;
- customer service;
- brand awareness and reputation;
- ability to integrate with third-party applications and technologies;
- size and scale of provider; and
- size of customer base and level of user adoption.

The mix of factors relevant in any given situation varies with regard to each prospective customer. We believe we compete favorably with respect to all of these factors.

Some of our competitors have made or may make acquisitions or enter into partnerships or other strategic relationships to offer a more comprehensive service than we do. These combinations may make it more difficult for us to compete effectively, including on the basis of price, sales and marketing programs, technology or service functionality. We expect these challenges to continue as organizations attempt to strengthen or maintain their market positions.

## **Research and Development**

We have focused our research and development efforts on maintaining a leading video streaming platform that is reliable, scalable, and open; cultivating an intelligent video cloud powered by artificial intelligence and machine learning; and leveraging our video and audience insights to provide value to our customers in the form of tangible solutions. We have expanded, and will continue to expand the functionality, scalability, and security of our products and enhance their ease of use, and we continue to invest in creating new product offerings. We continue to expand on providing business intelligence regarding our customers' content by focusing on data strategies and insights, while also improving the processing and transcoding of media, and the efficient delivery of media to our customers' viewers. We expect research and development expenses to increase in absolute dollars as we intend to continue to lead in the development of new technologies, regularly release new features and functionality, expand our product offerings and upgrade and extend our service offerings. Over the long term, we believe that research and development expenses as a percentage of revenue will decrease, but will vary depending upon the mix of revenue from new and existing products, features and functionality, as well as changes in the technology that our products must support, such as new operating systems or new Internet-connected devices.

## **Human Capital Resources**

Brightcove employees are a team of smart, passionate people who are revolutionizing the way organizations deliver video experiences. As of December 31, 2022, we had 725 employees, of which 332 were located in the United States and 393 were

located outside of the United States. None of our United States employees are represented by a labor union or covered by a collective bargaining agreement and we have not experienced any work stoppages. We have a high degree of employee engagement, as demonstrated through participation in employee surveys, and we consider our relationship with our employees to be good.

We have built a culture around three core values, all of which guide us in delivering at the highest level on behalf of our customers: Execution, Innovation, and One Team. We recognize that maintaining our culture and realizing these values depends on our ability to attract, develop, and retain talent. To that end, we offer high quality benefits, including work-from-home flexibility and wellness initiatives, which take into account the diversity of our employees' lifestyles and needs. Our leadership speaks with transparency at regular all-employee town hall meetings, and we create opportunities for employee feedback, including through engagement surveys and our Employee Action Committee. Leveraging the power of our own video products, we host company-wide virtual events, provide a comprehensive library of training videos to all employees, as well as targeted training to our leadership team.

We are committed to diversity at all levels of our organization, from our Board of Directors, where a majority of members are from underrepresented groups, to our employees. We have established hiring processes, training, and partnerships with organizations to drive diversity and inclusion among our workforce. Programs such as our employee resource groups provide community and support for our employees.

We are steadfastly focused on the safety and wellbeing of our employees and their families around the world. Since the COVID-19 pandemic, we have added flexibility to operate with a hybrid-remote workforce, permitting access to our offices in accordance with local requirements, while providing a stipend for employees to create workplaces at home, and resources for coping with the challenges brought on by the pandemic and its aftermath. We prioritize regular communication with our employees in order to maintain a strong sense of community within the organization.

### **Government Regulations**

Information about segment and geographic revenue is set forth in Note 15 of the Notes to Consolidated Financial Statements under Item 8 of this Annual Report on Form 10-K.

We are a global company based in the U.S., and are therefore subject to foreign laws governing our foreign operations, as well as U.S. laws that restrict trade and certain practices, such as the Foreign Corrupt Practices Act. We are also subject to domestic and foreign laws that affect companies conducting business on the internet, including laws relating to the liability of providers of online services.

We may also be subject to laws concerning the videos our customers publish using the Brightcove service. In the U.S., we rely on laws that limit the liability of online providers for third-party content, including the Digital Millennium Copyright Act of 1998 (DMCA) and Section 230 of the Communications Decency Act of 1996. Countries outside the U.S. generally do not provide protections that are as robust as those under the DMCA and Section 230.

We process a limited amount of personal information from our customers and those who view the videos they share using our video platform. As a result, we are subject to laws and regulations governing privacy and data security in the U.S. and worldwide, such as Section 5 of the Federal Trade Commission Act, the EU's General Data Protection Law (EU GDPR), the UK General Data Protection Law (UK GDPR), the California Consumer Privacy Act (CCPA), as amended, and the Virginia Consumer Data Protection Act (VCDPA).

### **Available Information**

Our principal executive offices are located at 281 Summer Street, Boston, Massachusetts, 02210. Our telephone number is (888) 882-1880. Our website address is [www.brightcove.com](http://www.brightcove.com). Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge through the investor relations page of our website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. The information that is posted on or is accessible through our website is not incorporated by reference into this Annual Report on Form 10-K and should not be considered part of this or any other report that we file with or furnish to the SEC. Alternatively, these reports may be accessed at the SEC's website at [www.sec.gov](http://www.sec.gov).

### **Item 1A. Risk Factors**

*You should carefully review the risk factors described below and those described in other reports we file with the Securities and Exchange Commission, as well as the other information contained in this Annual Report on Form 10-K, in evaluating our business. Our business, prospects, financial condition, or operating results could be harmed by any of these risks, as well as other risks not currently known to us or that we currently consider immaterial. If any of such risks and uncertainties actually occurs, our business, financial condition or operating results could differ materially from the plans, projections and other forward-looking statements included in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this report and in our other public filings. The trading price of our common stock could decline due to any of these risks, and, as a result, you may lose all or part of your investment.*

## **Risks related to our business**

***We have a history of losses, we may continue to incur losses and we may not achieve or sustain profitability in the future.***

We have historically incurred significant losses in fiscal years from 2004 through 2020, and in fiscal year 2022. Though we have not experienced a consolidated net loss for the year ended December 31, 2021, we experienced a consolidated net loss of \$5.8 million for the year ended December 31, 2020 and a consolidated net loss of \$9.0 million for the year ended December 31, 2022. These losses were due to the substantial investments we made to build our products and services, grow and maintain our business and acquire customers. Key elements of our growth strategy include acquiring new customers and continuing to innovate and build our brand. As a result, we expect our operating expenses to increase in the future due to expected increased sales and marketing expenses, operations costs, research and development costs and general and administrative costs and, therefore, our operating income may potentially decrease in the foreseeable future. In addition, as a public company we incur significant legal, accounting and other expenses. Furthermore, to the extent that we are successful in increasing our customer base, we will also incur increased expenses because costs associated with generating and supporting customer agreements are generally incurred up front, while revenue is generally recognized ratably over the committed term of the agreement. You should not rely upon our recent bookings or revenue growth as indicative of our future performance. We cannot assure you that we will sustain profitability in the future. If we are ultimately unable to continue generating sufficient revenue to meet our financial targets, remain profitable and have sustainable positive cash flows, investors could lose their investment.

***Substantially all of our revenue has historically come from a single product, Video Cloud.***

We have historically been substantially dependent on revenue from a single product, Video Cloud, and we expect that revenue from Video Cloud will continue to comprise a significant portion of our revenue. Our business would be harmed by a decline in the market for Video Cloud, increased competition in the market for online video platforms, or our failure or inability to provide sufficient investment to support Video Cloud as needed to maintain or grow its competitive position.

***If we are unable to retain our existing customers, our revenue and results of operations will be adversely affected.***

We sell our products pursuant to agreements that are generally for annual terms. Our customers have no obligation to renew their subscriptions after their subscription period expires, and we have experienced losses of customers that elected not to renew, in some cases, for reasons beyond our control. For example, our largest customer during 2020 faced bankruptcy and, as a result, we lost substantially all of the revenue we expected to generate from this customer in 2020. In addition, even if subscriptions are renewed, they may not be renewed on the same or on more profitable terms. As a result, our ability to retain our existing customers and grow depends in part on subscription renewals. We may not be able to accurately predict future trends in customer renewals, and our customers' renewal rates have and may continue to fluctuate because of several factors, including their satisfaction or dissatisfaction with our services, the cost of our services and the cost of services offered by our competitors, a customer's ability to build a video streaming solution in-house, reductions in our customers' spending levels or the introduction by competitors of attractive features and functionality. If our customer retention rate decreases, we may need to increase the rate at which we add new customers in order to maintain and grow our revenue, which may require us to incur significantly higher sales and marketing expenses than we currently anticipate, or our revenue may decline. If our customers do not renew their subscriptions for our services, renew on less favorable terms, or do not purchase additional functionality or subscriptions, our revenue may grow more slowly than expected or decline, and our profitability and gross margins may be harmed or affected.

***The actual market for our products and solutions could be significantly smaller than our estimates of our total potential market opportunity, and if customer demand for our services does not meet expectations, our ability to generate revenue and meet our financial targets could be adversely affected.***

While we expect strong growth in the markets for our products and solutions, it is possible that the growth in some or all of these markets may not meet our expectations, or materialize at all. The methodology on which our estimate of our total potential market opportunity is based includes several key assumptions based on our industry knowledge and customer experience. If any of these assumptions proves to be inaccurate, then the actual market for our solutions could be significantly smaller than our



estimates of our total potential market opportunity. If the customer demand for our services or the adoption rate in our target markets does not meet our expectations, our ability to generate revenue from customers and meet our financial targets could be adversely affected.

***Our long term financial targets are predicated on bookings and revenue growth and operating margin improvements that we may fail to achieve, which could reduce our expected earnings and cause us to fail to meet the expectations of analysts or investors and cause the price of our securities to decline.***

We are projecting long-term bookings and revenue growth. Our projections are based on the expected growth potential in our premium customer base, as well as the market for on-demand software solutions generally. We may not achieve the expected bookings and revenue growth if the markets we serve do not grow at expected rates, if customers do not purchase or renew subscriptions as we expect, and/or if we are not able to deliver products desired by customers and potential customers. Our long-term operating margin improvement targets are predicated on operating leverage as long term revenue increases and improved operating efficiencies from moving to additional cloud-based delivery of services, together with lower cost of goods sold, research and development expenses and general and administrative expenses as a percentage of total revenue. If operating margins do not improve, our earnings could be adversely affected and the price of our securities could decline.

***Our business is substantially dependent upon the continued growth of the market for on-demand software solutions.***

We derive, and expect to continue to derive, substantially all of our revenue from the sale of our on-demand solutions. As a result, widespread acceptance and use of the on-demand business model is critical to our future growth and success. Under the perpetual or periodic license model for software procurement, users of the software would typically install and operate the applications on their hardware. Because many companies are generally predisposed to maintaining control of their information technology, or IT, systems and infrastructure, there may be resistance to the concept of accessing software as a service provided by a third party. In addition, the market for on-demand software solutions is still evolving, and competitive dynamics may cause pricing levels to change as the market matures and as existing and new market participants introduce new types of solutions and different approaches to enable organizations to address their technology needs. As a result, we may be forced to reduce the prices we charge for our products and may be unable to renew existing customer agreements or enter into new customer agreements at the same prices and upon the same terms that we have historically. If the market for on-demand software solutions fails to grow, grows more slowly than we currently anticipate or evolves and forces us to reduce the prices we charge for our products, our bookings growth, revenue, gross margin and other operating results could be materially adversely affected.

***Our operating results may fluctuate from quarter to quarter, which could make them difficult to our operating results predict.***

Our quarterly operating results are tied to certain financial and operational metrics that have fluctuated in the past and may fluctuate significantly in the future. As a result, you should not rely upon our past quarterly operating results as indicators of future performance. Our operating results depend on numerous factors, many of which are outside of our control. In addition to the other risks described in this “Risk Factors” section, the following risks could cause our operating results to fluctuate:

- our ability to retain existing customers and attract new customers;
- the rates at which our customers renew and the pricing tier at which they renew;
- the amount of revenue generated from our customers’ use of our products or services in excess of their committed contractual entitlements;
- the timing and amount of costs of new and existing sales and marketing efforts;
- the timing and amount of operating costs and capital expenditures relating to the expansion of our business, operations and infrastructure;
- the cost and timing of the development and introduction of new product and service offerings by us or our competitors;
- macroeconomic trends, and impacts on the national and global economies due to natural disasters, acts of terrorism, social upheaval, governmental instability, or public health emergencies, such as the COVID-19 pandemic;
- system or service failures (including service failures from third party providers on which we rely), security breaches or network downtime.

***We operate in a rapidly developing market, which makes it difficult to evaluate our business and future prospects.***

The market for our products and services is rapidly developing, which makes it difficult to evaluate our business and future prospects. We have encountered, and will continue to encounter, risks and difficulties frequently experienced by growing companies in rapidly changing industries, including those related to:

- market acceptance of our current and future products and services;
- customer renewal rates;
- our ability to compete with other companies that are currently in, or may in the future enter, the market for our products;
- our ability to compete with customers or prospective customers that develop in-house solutions instead of purchasing our products;
- our ability to successfully expand our business, especially internationally;
- our ability to control costs, including our operating expenses;
- the amount and timing of operating expenses, particularly sales and marketing expenses, related to the maintenance and expansion of our business, operations and infrastructure;
- network outages or security breaches and any associated expenses;
- foreign currency exchange rate fluctuations;
- write-downs, impairment charges or unforeseen liabilities in connection with acquisitions;
- our ability to successfully manage acquisitions; and
- general economic and political conditions in our domestic and international markets.

If we do not manage these risks successfully, our business will be harmed.

***Our long-term success depends, in part, on our ability to expand the sales of our products to customers located outside of the United States, and thus our business is susceptible to risks associated with international sales and operations.***

We currently maintain offices and have sales personnel in Australia, France, India, Japan, Malaysia, Singapore, South Korea, Spain, Mexico, Philippines, Portugal, and the United Kingdom, and we intend to expand our international operations. Any international expansion efforts that we may undertake may not be successful. In addition, conducting international operations subjects us to new risks that we have not generally faced in the United States. These risks include:

- unexpected costs and errors in the localization of our products, including translation into foreign languages and adaptation for local practices and regulatory requirements;
- lack of familiarity with and burdens of complying with foreign laws, legal standards, regulatory requirements, tariffs, and other barriers;
- unexpected changes in regulatory requirements, taxes, trade laws, tariffs, export quotas, custom duties or other trade restrictions;
- difficulties in managing systems integrators and technology partners;
- differing technology standards;
- longer accounts receivable payment cycles and difficulties in collecting accounts receivable;
- difficulties in managing and staffing international operations and differing employer/employee relationships;
- fluctuations in exchange rates that may increase the volatility of our foreign-based revenue;
- potentially adverse tax consequences, including the complexities of foreign value added tax (or other tax) systems and restrictions on the repatriation of earnings;
- uncertain political and economic climates (including, for example, the U.K.'s exit from the European Union, or EU, on January 31, 2020, commonly referred to as "Brexit", which has created economic and political uncertainty in the EU); and
- reduced or varied protection for intellectual property rights in some countries.

These factors may cause our costs of doing business in these geographies to exceed our comparable domestic costs. Operating in international markets also requires significant management attention and financial resources. Any negative impact from our international business efforts could negatively impact our business, results of operations and financial condition as a whole.

***Economic conditions and regulatory changes following the United Kingdom's exit from the European Union could have a material adverse effect on our business and results of operations.***

On January 31, 2020, the U.K. formally left the European Union, or EU, (commonly known as "Brexit"), however there was an initial transition period until December 31, 2020 during which EU rules and legislation continued to apply. Since then, the U.K. and the EU have signed a EU-UK Trade and Cooperation Agreement, or TCA, which became provisionally applicable on January 1, 2021 and has been formally applicable since May 1, 2021. The TCA provides details on how some aspects of the U.K. and EU's relationship will operate going forward (including certain aspects of trade and other strategic and political issues), however there are still many uncertainties. The uncertainties concerning the U.K.'s legal, political and economic relationship with the EU following Brexit may continue to be a source of instability in international markets, create significant currency fluctuations and otherwise adversely affect trading agreements or similar cross-border cooperation arrangements, whether economic, tax, fiscal, legal, regulatory or otherwise.

The full effects of Brexit will depend on how the terms of the TCA and any future agreements signed by the U.K. and EU play out in practice. At this time, we therefore cannot predict the impact that Brexit will have on our business. The measures could potentially disrupt the markets we serve and may cause us to lose customers and employees. In addition, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the U.K. determines which EU laws to replace or replicate, which could present new regulatory costs and challenges (including the transfer of personal data between the EU and the U.K. and new customer requirements), in addition to other adverse effects that we are unable to effectively anticipate.

Our financial condition and results of operations may be impacted by such uncertainty with potential disruptions to our relationships with existing and future customers, suppliers and employees, all possibly having a material adverse impact on our business, prospects, financial condition and results of operations.

***We must keep up with rapid technological change to remain competitive in a rapidly evolving industry.***

Our markets are characterized by rapid technological change, frequent new product and service introductions and evolving industry standards. Our future success will depend on our ability to adapt quickly to rapidly changing technologies, to adapt our services and products to evolving industry standards and to improve the performance and reliability of our services and products. To achieve market acceptance for our products, we must effectively anticipate and offer products that meet changing customer demands in a timely manner. Customers may require features and functionality that our current products do not have. If we fail to develop products that satisfy customer preferences in a timely and cost-effective manner, our ability to renew our contracts with existing customers and our ability to create or increase demand for our products will be harmed.

We may experience difficulties with software development, industry standards, design or marketing that could delay or prevent our development, introduction or implementation of new products and enhancements. The introduction of new products by competitors, the emergence of new industry standards or the development of entirely new technologies to replace existing offerings could render our existing or future products obsolete.

If we are unable to successfully develop or acquire new features and functionality, enhance our existing products to anticipate and meet customer requirements or sell our products into new markets, our bookings growth, revenue and results of operations will be adversely affected.

***We face significant competition and may be unsuccessful against current and future competitors. If we do not compete effectively, our operating results and future growth could be harmed.***

We compete with video sharing sites, in-house solutions, online video platforms and certain niche technology providers, as well as larger companies that offer multiple services, including those that may be used as substitute services for our products. Competition is already intense in these markets and, with the introduction of new technologies and market entrants, we expect competition to further intensify in the future. In addition, some of our competitors may make acquisitions, be acquired, or enter into strategic relationships to offer a more comprehensive service than we do. These combinations may make it more difficult for us to compete effectively. We expect these trends to continue as competitors attempt to strengthen or maintain their market positions.

Demand for our services is sensitive to price. Many factors, including our marketing, customer acquisition and technology costs, commoditization of our products and services and our current and future competitors' pricing and marketing strategies, can significantly affect our pricing strategies. There can be no assurance that we will not be forced to engage in price-cutting initiatives, or to increase our marketing and other expenses to attract and retain customers in response to competitive pressures, either of which could have a material adverse effect on our revenue, operating results and resources.

We will likely encounter significant, growing competition in our business from many sources, including portals and digital media retailers, search engines, social networking and consumer-sharing services companies, broadband media distribution platforms, technology suppliers, direct broadcast satellite television service companies and digital and traditional cable systems. Many of our present and likely future competitors have substantially greater financial, marketing, technological and other resources than we do. Some of these companies may even choose to offer services competitive with ours at no cost as a strategy to attract or retain customers of their other services. Technological and commercial developments may lead to the increasing commoditization of our products and services, including content delivery and storage, further increasing downward pressure on the prices we can charge. If we are unable to compete successfully with traditional and other emerging providers of competing services, our business, financial condition and results of operations could be adversely affected.

***Weakened global economic conditions may harm our industry, business and results of operations.***

Our overall performance depends in part on worldwide economic conditions. Global financial developments and downturns seemingly unrelated to us or the software industry may harm us. The U.S. and other key international economies have been affected from time to time by falling demand for a variety of goods and services, restricted credit, poor liquidity, reduced corporate profitability, volatility in credit, equity and foreign exchange markets, bankruptcies, inflation and overall uncertainty with respect to the economy, including with respect to tariff and trade issues. In particular, the economies of countries in Europe have been experiencing weakness associated with high sovereign debt levels, weakness in the banking sector, uncertainty over the future of the Euro zone and volatility in the value of the pound sterling and the Euro, including instability surrounding Brexit, and instability resulting from the ongoing conflict between Russia and Ukraine. The effect of the conflict between Russia and Ukraine, including any resulting sanctions, export controls or other restrictive actions that may be imposed against governmental or other entities in, for example, Russia, have in the past contributed and may in the future contribute to disruption, instability and volatility in the global markets. We have operations, as well as current and potential new customers in Europe. If economic conditions in Europe and other key markets for our platform continue to remain uncertain or deteriorate further, it could adversely affect our customers' ability or willingness to subscribe to our platform, delay prospective customers' purchasing decisions, reduce the value or duration of their subscriptions or affect renewal rates, all of which could harm our operating results.

More recently, inflation rates, particularly in the U.S., have increased to levels not seen in several years and may continue to rise, which may result in decreased demand for our products and services, increases in our operating costs including our labor costs, constrained credit and liquidity, reduced government spending and volatility in financial markets. Central banks worldwide, including the Federal Reserve in the U.S., have raised, and may again raise, interest rates in response to concerns over rising inflation rates. There continues to be uncertainty in the changing market and economic conditions, including the possibility of additional measures that could be taken by the Federal Reserve and other domestic and foreign government agencies, related to the COVID-19 pandemic and concerns over inflation risk.

***The effects of a pandemic, epidemic, outbreak of an infectious disease or public health crises, such as the ongoing COVID-19 pandemic, may materially affect how we and our customers are operating our businesses, and the duration and extent of such health epidemic may impact our future results of operations and overall financial performance.***

Our business could be adversely affected by health crises in regions where we operate or otherwise do business. For example, the policies and regulations implemented in response to the outbreak of the novel coronavirus disease, or COVID-19, most of which have been lifted, have had a significant impact, both directly and indirectly, on businesses and commerce. For example, although restrictions have generally been lifted, additional indirect effects such as supply shortages continue to impact segments of the global economy. Other global health concerns could also result in social, economic and labor instability in the countries in which we or the third parties with whom we engage operate.

As recently seen in our industry, the conditions caused by the COVID-19 pandemic and its aftermath as well as macroeconomic conditions have caused and may in the future affect the rate of spending on software products and the demand for video to support virtual events. This could adversely affect our customers' ability or willingness to purchase our offerings, delay prospective customers' purchasing decisions, increase pressure for pricing discounts, lengthen payment terms, reduce the value or duration of their subscription contracts, increase customer attrition rates, or attend our events, all of which could adversely affect our future sales, operating results and overall financial performance.

Our operations in the past have been negatively affected by a range of external factors related to the effects of the COVID-19 pandemic that are not within our control. The ultimate extent of the impact of the pandemic, including as a result of possible subsequent outbreaks of COVID-19 or of new variants thereof and measures taken in response will depend on future developments, which remain highly uncertain and cannot be predicted. We may also be negatively affected by a future pandemic, epidemic, outbreak of an infectious disease or public health crisis. For example, many cities, counties, states, and even countries have previously imposed or may impose a wide range of restrictions on the physical movement of our employees, partners and customers to limit the spread of COVID-19, including physical distancing, travel bans and restrictions, closure of non-essential business, quarantines, work-from-home directives and shelter-in-place orders. These measures have previously caused, and may cause in the future, business slowdowns or shutdowns in affected areas, both regionally and worldwide. If the COVID-19 pandemic has a substantial impact on the productivity of our employees and partners, or a continued substantial impact on the ability of our employees to execute responsibilities, or a continued and substantial impact on the ability of our customers to purchase our offerings, our results of operations and overall financial performance may be harmed.

To the extent the COVID-19 pandemic or a future pandemic, epidemic, outbreak of an infectious disease or public health crisis adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described herein.

### **Risks related to our operations**

***We depend on the experience and expertise of our executive officers, senior management team and key technical employees, and the loss of any key employee could have an adverse effect on our business, financial condition and results of operations.***

Our success depends upon the continued service of our executive officers, senior management team and key technical employees, as well as our ability to continue to attract and retain additional highly qualified personnel. Each of our executive officers, senior management team, key technical personnel and other employees could terminate his or her relationship with us at any time. The loss of any member of our senior management team or key personnel might significantly delay or prevent the achievement of our business objectives and could materially harm our business and our customer relationships. In addition, because of the nature of our business, the loss of any significant number of our existing engineering, project management and sales personnel could have an adverse effect on our business, financial condition and results of operations.

***Changes in our business and operations, as well as organizational changes, have placed, and may continue to place, significant demands on our management and infrastructure. If we fail to manage these changes effectively and successfully recruit additional highly-qualified employees, we may be unable to execute our business plan, maintain high levels of service or address competitive challenges adequately.***

Our business, headcount and operations have grown, both domestically and internationally, since our inception. In addition, we have seen organizational changes during that time, including the addition of several new members to our senior leadership team in the past several years, including our CEO. This growth and these organizational changes have placed, and will continue to place, a significant strain on our management, administrative, operational and financial infrastructure. We anticipate further growth will be required to address increases in our product and service offerings and continued international expansion. Our success will depend in part upon the ability of our senior leadership team to manage Brightcove effectively. To do so, we must continue to recruit, hire, train, manage and integrate a significant number of qualified managers, technical personnel and employees in specialized roles within our company, including in technology, sales and marketing. If our new employees perform poorly, or if we are unsuccessful in recruiting, hiring, training, managing and integrating these new employees, or retaining these or our existing employees, our business may suffer.

In addition, to manage the expected continued growth of our business, headcount, operations and geographic expansion, we will need to continue to improve our information technology infrastructure, operational, financial and management systems and procedures. Our expected additional headcount and capital investments will increase our costs, which will make it more difficult for us to address any future revenue shortfalls by reducing expenses in the short term. If we fail to successfully manage our growth we will be unable to successfully execute our business plan, which could have a negative impact on our business, financial condition or results of operations.

***Potential future acquisitions could be difficult to integrate, divert the attention of key personnel, disrupt our business, dilute stockholder value and impair our financial results.***

As part of our business strategy, we may continue to consider acquisitions of companies, technologies and products that we believe could accelerate our ability to compete in our core markets or allow us to enter new markets. Acquisitions involve numerous risks, any of which could harm our business, including:

- difficulties in integrating the technologies, products, operations and existing contracts of a target company and realizing the anticipated benefits of the combined businesses;
- difficulties in integrating the personnel of a target company;
- difficulties in supporting and transitioning customers, if any, of a target company;
- diversion of financial and management resources from existing operations;
- the price we pay or other resources that we devote may exceed the value we realize, or the value we could have realized if we had allocated the purchase price or other resources to another opportunity;
- risks of entering new markets in which we have limited or no experience;
- potential loss of key employees, customers and strategic alliances from either our current business or a target company's business; and
- inability to generate sufficient revenue to offset acquisition costs.

Acquisitions also frequently result in the recording of goodwill and other intangible assets which are subject to potential impairments in the future that could harm our financial results. In addition, if we finance acquisitions by issuing equity securities, our existing stockholders may be diluted. As a result, if we fail to properly evaluate acquisitions or investments, we may not achieve the anticipated benefits of any such acquisitions, and we may incur costs in excess of what we anticipate. The failure to successfully evaluate and execute acquisitions or investments or otherwise adequately address these risks could materially harm our business and financial results.

***We may experience delays in product and service development, including delays beyond our control, which could prevent us from achieving our growth objectives and hurt our business.***

Many of the problems, delays and expenses we may encounter may be beyond our control. Such problems may include, but are not limited to, problems related to the technical development of our products and services, problems with the infrastructure for the distribution and delivery of online media, including those from third party providers on which we rely, the competitive environment in which we operate, marketing problems, consumer acceptance and costs and expenses that may exceed current estimates. Problems, delays or expenses in any of these areas could have a negative impact on our business, financial conditions or results of operations.

Delays in the timely design, development, deployment and commercial operation of our product and service offerings, and consequently the achievement of our revenue targets and positive cash flow, could result from a variety of causes, including many causes that are beyond our control. Such delays include, but are not limited to, delays in the integration of new offers into our existing offering, changes to our products and services made to correct or enhance their features, performance or marketability or in response to regulatory developments or otherwise, delays encountered in the development, integration or testing of our products and services and the infrastructure for the distribution and delivery of online media and other systems, unsuccessful commercial launches of new products and services, delays in our ability to obtain financing, insufficient or ineffective marketing efforts and slower-than-anticipated consumer acceptance of our products. Delays in any of these matters could hinder or prevent our achievement of our growth objectives and hurt our business.

#### **Risks related to our intellectual property and third-parties**

***Our business may be adversely affected by third-party claims, including by governmental bodies, regarding the content and advertising distributed through our service.***

We rely on our customers to secure the rights to redistribute content over the Internet, and we do not screen the content that is distributed through our service. There is no assurance that our customers have licensed all rights necessary for distribution, including Internet distribution. Other parties may claim certain rights in the content of our customers.

In the event that our customers do not have the necessary distribution rights related to content, we may be required to cease distributing such content, or we may be subject to lawsuits and claims of damages for infringement of such rights. If these claims arise with frequency, the likelihood of our business being adversely affected would rise significantly. In some cases, we may have rights to indemnification or claims against our customers if they do not have appropriate distribution rights related to specific content items, however there is no assurance that we would be successful in any such claim.

We operate an "open" publishing platform and do not screen the content that is distributed through our service. Content may be distributed through our platform that is illegal or unlawful under international, federal, state or local laws or the laws of other

countries. In the event that our customers distribute content that is deemed illegal, we would be required to cease distributing such content. We may face lawsuits, claims or even criminal charges for such distribution, and we may be subject to civil, regulatory or criminal sanctions and damages for such distribution. Any such claims or investigations could adversely affect our business, financial condition and results of operations.

***We could incur substantial costs as a result of any claim of infringement of another party's intellectual property rights.***

In recent years, there has been significant litigation in the United States involving patents and other intellectual property rights. Companies providing Internet-related products and services are increasingly bringing and becoming subject to suits alleging infringement of proprietary rights, particularly patent rights. These risks have been amplified by the increase in third parties whose sole or primary business is to assert such claims, some of whom have sent letters to and/or filed suit alleging infringement against us and some of our customers. From time to time, third parties claim that we are infringing upon their intellectual property rights. We could incur substantial costs in prosecuting or defending any intellectual property litigation. Additionally, the defense or prosecution of claims could be time-consuming, and could divert our management's attention away from the execution of our business plan.

Moreover, any settlement or adverse judgment resulting from a claim could require us to pay substantial amounts or obtain a license to continue to use the technology that is the subject of the claim, or otherwise restrict or prohibit our use of the technology. There can be no assurance that we would be able to obtain a license from the third party asserting the claim on commercially reasonable terms, if at all, that we would be able to develop alternative technology on a timely basis, if at all, or that we would be able to obtain a license to use a suitable alternative technology to permit us to continue offering, and our customers to continue using, our affected product or service. In addition, we may be required to indemnify our customers for third-party intellectual property infringement claims, which would increase the cost to us. An adverse determination could also prevent us from offering our products or services to others. Infringement claims asserted against us may have an adverse effect on our business, financial condition and results of operations.

Our agreements with customers often include contractual obligations to indemnify them against claims that our products infringe the intellectual property rights of third parties. The results of any intellectual property litigation to which we might become a party, or for which we are required to provide indemnification, may force us to do one or more of the following:

- cease selling or using products or services that incorporate the challenged intellectual property;
- make substantial payments for costs or damages;
- obtain a license, which may not be available on reasonable terms, to sell or use the relevant technology; or
- redesign those products or services to avoid infringement.

If we are required to make substantial payments or undertake any of the other actions noted above as a result of any intellectual property infringement claims against us or any obligation to indemnify our customers for such claims, such payments or costs could have a material adverse effect upon our business and financial results.

***Failure to adequately protect our intellectual property could substantially harm our business and operating results.***

Because our business depends substantially on our intellectual property, the protection of our intellectual property rights is important to the success of our business. We rely upon a combination of trademark, patent, trade secret and copyright law and contractual restrictions to protect our intellectual property. These afford only limited protection. Despite our efforts to protect our property rights, unauthorized parties may attempt to copy aspects of our products, service, software and functionality or obtain and use information that we consider proprietary. Moreover, policing our proprietary rights is difficult and may not always be effective. In addition, we may need to enforce our rights under the laws of countries that do not protect proprietary rights to as great an extent as do the laws of the United States.

Litigation or proceedings before the U.S. Patent and Trademark Office or other governmental authorities and administrative bodies in the United States and abroad may be necessary in the future to enforce our intellectual property rights, to protect our patent rights, trade secrets, trademarks and domain names, and to determine the validity and scope of the proprietary rights of others. Such litigation or proceedings may be very costly and impact our financial performance. We may also incur substantial costs defending against frivolous litigation or be asked to indemnify our customers against the same. Our efforts to enforce or protect our proprietary rights may prove to be ineffective and could result in substantial costs and diversion of resources and could substantially harm our operating results.

Our exposure to risks associated with the use of intellectual property may increase as a result of acquisitions, as we have less opportunity to have visibility into the development process with respect to acquired technology or the care taken to safeguard against infringement risks. Third parties may make infringement and similar or related claims after we have acquired technology that had not been asserted prior to our acquisition.

***Confidentiality agreements with employees and others may not adequately prevent disclosure of trade secrets and other proprietary information.***

We have devoted substantial resources to the development of our technology, business operations and business plans. In order to protect our trade secrets and proprietary information, we rely in significant part on confidentiality agreements with our employees, licensees, independent contractors, advisers and customers. These agreements may not be effective to prevent disclosure of confidential information, including trade secrets, and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, others may independently discover trade secrets and proprietary information, and in such cases we would not be able to assert trade secret rights against such parties. To the extent that our employees and others with whom we do business use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. Laws regarding trade secret rights in certain markets in which we operate may afford little or no protection to our trade secrets. The loss of trade secret protection could make it easier for third parties to compete with our products by copying functionality. In addition, any changes in, or unexpected interpretations of, the trade secret and other intellectual property laws in any country in which we operate may compromise our ability to enforce our trade secret and intellectual property rights. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive business position.

***Our use of “open source” software could negatively affect our ability to sell our services and subject us to possible litigation.***

A portion of the technology licensed by us incorporates “open source” software, and we may incorporate or use open source software in the future. Such open source software is generally licensed by its authors or other third parties under open source licenses. If we fail to comply with these licenses, we may be subject to certain conditions, including requirements that we offer our services that incorporate the open source software for no cost, that we make available source code for modifications or derivative works we create based upon, incorporating or using the open source software and that we license such modifications or alterations under the terms of the particular open source license. If an author or other third party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from the sale of our services that contained the open source software and required to comply with the foregoing conditions, which could disrupt the distribution and sale of some of our services.

***There is no assurance that the current cost of Internet connectivity and network access will not rise with the increasing popularity of online media services.***

We rely on third-party service providers for our principal connections to the Internet and network access, and to deliver media to consumers. As demand for online media increases, there can be no assurance that Internet and network service providers will continue to price their network access services on reasonable terms. The distribution of online media requires delivery of digital content files and providers of network access and distribution may change their business models and increase their prices significantly, which could slow the widespread adoption of such services. In order for our services to be successful, there must be a reasonable price model in place to allow for the continuous distribution of digital media files. We have limited or no control over the extent to which any of these circumstances may occur, and if network access or distribution prices rise, our business, financial condition and results of operations would likely be adversely affected.

***Failure of our infrastructure for the distribution and delivery of online media could adversely affect our business.***

Our success as a business depends, in large part, on our ability to provide a consistently high-quality digital experience to consumers via our relationships and infrastructure for the distribution and delivery of online media generally. There is no guarantee that our relationships and infrastructure will not experience problems or other performance issues, which could seriously impair the quality and reliability of our delivery of digital media to end users. For example, we primarily use three content delivery networks, or CDNs, to deliver content to end users. If one or more of these CDNs were to experience sustained technical failures, it could cause delays in our service and we could lose customers. If we do not accurately predict our infrastructure capacity requirements, our customers could experience service outages or service degradation that may subject us to financial penalties and liabilities and result in customer losses. In the past we have, on limited occasions, suffered temporary interruptions of certain aspects of our service, including our customers’ ability to upload new content into our system, our



customers' ability to access administrative control of their accounts, and our ability to deliver content to end users in certain geographic locations. These service interruptions were the results of human error, hardware and software failures or failures of third-party networks. On a limited number of occasions, these service interruptions have required us to provide service credits to customers. We cannot guarantee that service interruptions will not occur again or predict the duration of interruptions of our service or the impact of such interruptions on our customers. Failures and interruptions of our service may impact our reputation, result in our payment of compensation or service credits to our customers, result in loss of customers and adversely affect our financial results and ability to grow our business. In addition, if AWS or our hosting infrastructure capacity fails to keep pace with increased sales or if our delivery capabilities fail, customers may experience delays as we seek to obtain additional capacity or enable alternative delivery capability, which could harm our reputation and adversely affect our revenue growth.

***We may have difficulty scaling and adapting our existing infrastructure to accommodate increased traffic and storage, technology advances or customer requirements.***

In the future, advances in technology, increases in traffic and storage, and new customer requirements may require us to change our infrastructure, expand our infrastructure or replace our infrastructure entirely. Scaling and adapting our infrastructure is likely to be complex and require additional technical expertise. If we are required to make any changes to our infrastructure, we may incur substantial costs and experience delays or interruptions in our service. These delays or interruptions may cause customers and partners to become dissatisfied with our service and move to competing service providers. Our failure to accommodate increased traffic and storage, increased costs, inefficiencies or failures to adapt to new technologies or customer requirements and the associated adjustments to our infrastructure could harm our business, financial condition and results of operations.

***We rely on software and services licensed from other parties. The loss of software or services from third parties could increase our costs and limit the features available in our products and services.***

Components of our service and product offerings include various types of software and services licensed from unaffiliated parties. If any of the software or services we license from others or functional equivalents thereof were either no longer available to us or no longer offered on commercially reasonable terms, we would be required to either redesign our services and products to function with software or services available from other parties or develop these components ourselves. In either case, the transition to a new service provider or an internally-developed solution could result in increased costs and could result in delays in our product launches and the release of new service and product offerings. Furthermore, we might be forced to temporarily limit the features available in our current or future products and services. If we fail to maintain or renegotiate any of these software or service licenses, we could face significant delays and diversion of resources in attempting to license and integrate functional equivalents.

***If our software products contain serious errors or defects, then we may lose revenue and market acceptance and may incur costs to defend or settle claims.***

Complex software applications such as ours often contain errors or defects, particularly when first introduced or when new versions or enhancements are released. Despite internal testing and testing by our customers, our current and future products may contain serious defects, which could result in lost revenue, lost customers, slower growth or a delay in market acceptance.

Since our customers use our products for critical business applications, errors, defects or other performance problems could result in damage to our customers. They could seek significant compensation from us for the losses they suffer. Although our customer agreements typically contain provisions designed to limit our exposure to claims, existing or future laws or unfavorable judicial decisions could negate these limitations. Even if not successful, a claim brought against us would likely be time-consuming and costly and could seriously damage our reputation in the marketplace, making it harder for us to sell our products.

***Our internal computer systems, or those of our strategic partners or other contractors or consultants, may fail or suffer from the unauthorized disclosure of data, unauthorized access to the service and misuse of the service, which could result in a material disruption of our product development programs and our business.***

Our internal computer systems and those of our current and any future strategic collaborators, vendors, and other contractors or consultants are vulnerable to damage from cyber-attacks, computer viruses, unauthorized access, natural disasters, cybersecurity threats, terrorism, war and telecommunication and electrical failures. Cyber incidents have been increasing in sophistication and frequency and can include third parties gaining access to employee or customer data using stolen or inferred credentials, computer malware, viruses, spamming, phishing attacks, ransomware, card skimming code, and other deliberate attacks and attempts to gain unauthorized access. Because the techniques used by computer programmers who may attempt to penetrate and sabotage our network security or our website change frequently and may not be recognized until launched against a

target, we may be unable to anticipate these techniques or implement adequate preventative measures. If an actual or perceived security breach occurs, the market perception of our security measures could be harmed and we could lose sales and customers. Any significant violations of data privacy or unauthorized disclosure of information could result in the loss of business, litigation and regulatory investigations and penalties that could damage our reputation and adversely impact our results of operations and financial condition. Moreover, if a security breach occurs with respect to another software as a service, or SaaS, provider, our customers and potential customers may lose trust in the security of the SaaS business model generally, which could adversely impact our ability to retain existing customers or attract new ones.

It is also possible that unauthorized access to customer data may be obtained through inadequate use of security controls by customers, suppliers or other vendors.

If any such computer system failure, accident or security breach were to occur and cause interruptions in our operations, it could result in a material disruption of our development programs and our business operations, whether due to a loss of our trade secrets or other proprietary information or other disruptions. These cyber-attacks could be carried out by threat actors of all types (including but not limited to nation states, organized crime, other criminal enterprises, individual actors and/or advanced persistent threat groups). In addition, we may experience intrusions on our physical premises by any of these threat actors.

Any security breaches, unauthorized access, unauthorized usage, virus or similar breach or disruption could result in loss of confidential information, personal data and customer content, damage to our reputation, early termination of our contracts, litigation, regulatory investigations, increased costs or other liabilities. If our security measures, or those of our partners or service providers, are breached as a result of third-party action, employee error, malfeasance or otherwise and, as a result, someone obtains unauthorized access to confidential information, personal data or customer content, our reputation will be damaged, our business may suffer or we could incur significant liability. If the measures we have put in place to limit or restrict access to and use of functionality, usage entitlements and support for customers or prospective customers are breached, circumvented or ineffective as a result of third-party action, employee error, malfeasance or otherwise and, as a result, someone obtains unauthorized access to and use of functionality, usage entitlements and support, our business may suffer or we could incur significant liability and/or costs.

There can be no assurance that any limitations of liability provisions in our contracts for a security breach would be enforceable or adequate or would otherwise protect us from any such liabilities or damages with respect to any particular claim. We also cannot be sure that our existing general liability insurance coverage and coverage for errors or omissions will continue to be available on acceptable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, financial condition and operating results.

***We use cloud computing service facilities to deliver our services. Any disruption of service at these facilities could harm our business.***

We manage our services and serve all of our customers from cloud computing services facilities, such as Amazon Web Services. While we control the actual computer and storage systems upon which our software runs, and deploy them to these facilities, we do not control the operation or availability of these facilities.

The owners of these facilities have no obligation to renew their agreements with us on commercially reasonable terms, or at all. If we are unable to renew these agreements on commercially reasonable terms, we may be required to transfer to new facilities, and we may incur significant costs and possible service interruption in connection with doing so.

Any changes in third-party service levels at these facilities or any errors, defects, disruptions or other performance problems at or related to these facilities that affect our services could harm our reputation and may damage our customers' businesses. Interruptions in our services might reduce our revenue, cause us to issue credits to customers, subject us to potential liability, and cause customers to terminate their subscriptions or harm our renewal rates.

These facilities are vulnerable to damage or service interruption resulting from human error, intentional bad acts, security breaches, earthquakes, hurricanes, floods, fires, war, terrorist attacks, power losses, hardware failures, systems failures, telecommunications failures, global health emergencies such as the COVID-19 pandemic, and similar events. For example, on September 18, 2014, we suffered a service disruption resulting from a distributed denial-of-service attack at third-party data center facilities used by us. By September 20, 2014, we had restored the services impacted by the attack. We contacted federal law enforcement authorities regarding the denial-of-service attack and cooperated with them. We also conducted an assessment of

our internet service providers and data center providers, potential future vulnerability to malicious activity, and the sufficiency of our infrastructure to withstand and recover rapidly from such attacks. While this matter did not have a material adverse effect on our operating results, there can be no assurance that such incidents will not occur again, and they could occur more frequently and on a more significant scale. The occurrence of a natural disaster or an act of terrorism, or vandalism or other misconduct, or a decision to close the facilities without adequate notice or other unanticipated problems could result in lengthy interruptions in our services.

#### **Risks related to our finances**

##### ***Fluctuations in the exchange rate of foreign currencies could result in currency translation losses.***

We currently have foreign sales denominated in Australian dollars, British pounds sterling, Euros, Japanese yen and New Zealand dollars and may, in the future, have sales denominated in the currencies of additional countries in which we establish or have established sales offices. In addition, we incur a portion of our operating expenses in British pounds sterling, Mexican Pesos, Euros, Japanese yen and, to a lesser extent, other foreign currencies. Any fluctuation in the exchange rate of these foreign currencies may negatively impact our business, financial condition and operating results. Global economic events, such as the COVID-19 pandemic, have and may continue to significantly impact local economies and the foreign exchange markets, which may increase the risks associated with sales denominated in foreign currencies. We have not previously engaged in foreign currency hedging. If we decide to hedge our foreign currency exposure, we may not be able to hedge effectively due to lack of experience, unreasonable costs or illiquid markets.

##### ***Failure of our customers to pay the amounts owed to us, or to pay such amounts in a timely manner, may adversely affect our financial condition and operating results.***

If any of our significant customers have insufficient liquidity, we could encounter significant delays or defaults in payments owed to us by such customers, and we may need to extend our payment terms or restructure the receivables owed to us, which could have a significant adverse effect on our financial condition, including impacting the timing of revenue recognition. Any deterioration in the financial condition of our customers will increase the risk of uncollectible receivables. Global economic uncertainty, such as the economic instability and market volatility caused by the global COVID-19 pandemic, could also affect our customers' ability to pay our receivables in a timely manner or at all or result in customers going into bankruptcy or reorganization proceedings, which could also affect our ability to collect our receivables.

##### ***We may be required to collect sales and use taxes on the services we sell in additional jurisdictions in the future, which may decrease sales, and we may be subject to liability for sales and use taxes and related interest and penalties on prior sales.***

State and local taxing jurisdictions have differing rules and regulations governing sales and use taxes and these rules and regulations are subject to varying interpretations that may change over time. On June 21, 2018, the United States Supreme Court ruled in *South Dakota v. Wayfair* that states can impose sales and use taxes on transactions made with out-of-state sellers. Following this ruling, certain states have enforced tax laws requiring taxation of out-of-state purchases. We have performed an assessment of sales taxes owed under the new court ruling, determined that we need to remit sales taxes to certain states, and we have remitted such taxes. There is a risk that states which do not currently impose taxes on out-of-state purchases will do so in the future. We cannot assure you that we will not be subject to sales and use taxes or related penalties for past sales in states where we presently believe sales and use taxes are not due. We reserve estimated sales and use taxes in our financial statements but we cannot be certain that we have made sufficient reserves to cover all taxes that might be assessed.

If one or more taxing authorities determine that taxes should have, but have not, been paid with respect to our services, we may be liable for past taxes in addition to being required to collect sales or similar taxes in respect of our services going forward. Liability for past taxes may also include substantial interest and penalty charges. Our client contracts typically provide that our clients must pay all applicable sales and similar taxes. Nevertheless, clients may be reluctant to pay back taxes and may refuse responsibility for interest or penalties associated with those taxes or we may determine that it would not be feasible to seek reimbursement. If we are required to collect and pay back taxes and the associated interest and penalties and if our clients do not reimburse us for all or a portion of these amounts, we will incur unplanned expenses that may be substantial. Moreover, imposition of such taxes on our services going forward will effectively increase the cost of such services to our clients and may adversely affect our ability to retain existing clients or to gain new clients in the areas in which such taxes are imposed.

#### **Risks related to governmental regulation**

##### ***Government and industry regulation of the Internet is evolving and could directly restrict our business or indirectly affect our business by limiting the growth of our markets. Unfavorable changes in government regulation or our failure to comply with regulations could harm our business and operating results.***

Federal, state and foreign governments and agencies have adopted and could in the future adopt regulations covering issues such as user privacy, content, and taxation of products and services. Government regulations could limit the market for our products and services or impose burdensome requirements that render our business unprofitable. Our products enable our customers to collect, manage and store a wide range of data. The United States and various state governments have adopted or proposed limitations on the collection, distribution and use of personal information. Several foreign jurisdictions, including the European Union and the United Kingdom, have adopted legislation (including directives or regulations) that increase or change the requirements governing data collection and storage in these jurisdictions. If our privacy or data security measures fail to comply with current or future laws and regulations, we may be subject to litigation, regulatory investigations or other liabilities, or our customers may terminate their relationships with us.

In addition, although many regulations might not apply to our business directly, we expect that laws regulating the solicitation, collection or processing of personal and consumer information could affect our customers' ability to use and share data, potentially reducing demand for our services. The Telecommunications Act of 1996 and the EU General Data Protection Regulation 2016/679, the California Consumer Privacy Act, along with other similar laws and regulations prohibit certain types of information and content from being transmitted over the Internet. The scope of these types of prohibitions in jurisdictions around the world and the liability associated with a violation are evolving. In addition, although substantial portions of the Communications Decency Act were held to be unconstitutional, we cannot be certain that similar legislation will not be enacted and upheld in the future. Legislation like the Telecommunications Act and the Communications Decency Act could dampen the growth in web usage and decrease its acceptance as a medium of communications and commerce. Moreover, if future laws and regulations limit our customers' ability to use and share consumer data or our ability to store, process and share data with our customers over the Internet, demand for our products could decrease, our costs could increase, and our results of operations and financial condition could be harmed.

In addition, taxation of services provided over the Internet or other charges imposed by government agencies or by private organizations for accessing the Internet may be imposed. Any regulation imposing greater fees for Internet use or restricting information exchange over the Internet could result in a decline in the use of the Internet and the viability of Internet-based services, which could harm our business and operating results.

***Our business is subject to a variety of U.S. federal and state, as well as international laws and regulations, including those regarding privacy, data protection and information security, and our customers may be subject to regulations related to the handling and transfer of certain types of personal, sensitive, or confidential information. Any failure to comply with applicable laws and regulations would harm our business, results of operations and financial condition.***

We and our customers may be subject to privacy and data protection-related laws and regulations that impose obligations in connection with the collection, use, storage, transfer, dissemination, security, and/or other processing ("Processing") of personally identifiable information (such personally identifiable information collectively with all information defined or described by applicable law as "personal data," "personal information," "PII" or any similar term, "Personally Identifiable Information") or other sensitive data. Existing U.S. federal and various state and foreign privacy and data protection-related laws and regulations are evolving and subject to potentially differing interpretations, and various legislative and regulatory bodies may expand current or enact new laws and regulations regarding privacy and data protection-related matters. International jurisdictions in which we have customers or employees have established data security and privacy frameworks with which we or our customers must comply. In addition, our business may be impacted by new regulations and guidance over machine learning and automated processing. In the United States, certain state laws may be more stringent or broader in scope, or offer greater individual rights, with respect to sensitive and personal information than federal or other state laws, and such laws may differ from each other, which may complicate compliance efforts. New laws, amendments to or re-interpretations of existing laws and regulations, rules of self-regulatory bodies, industry standards and contractual obligations may impact our business and practices, and we may be required to expend significant resources to adapt to these changes, or stop offering our products in certain countries. These developments could adversely affect our business, results of operations and financial condition.

Europe's General Data Protection Regulation ("GDPR") is of the most concern in this regard. The GDPR, effective since May 25, 2018, imposes strict regulations and establishes a series of requirements regarding the collection, transfer, storage and processing of personal data. The GDPR has extra-territorial application and applies where a company, based outside the European Union, processes personal data of individuals based in the European Union as a result of offering goods or services to individuals based in the EU and/or monitoring their behavior. The GDPR imposes strict requirements on controllers and processors of personal data, including special protections for data subjects residing in the EU. The GDPR grants individuals the opportunity to object to the processing of their personal data, allows them to exercise certain data subject requests, including to request deletion of personal data in certain circumstances, and provides the individual with an express right to seek legal recourse in the event the individual believes his or her rights have been violated. Further, the GDPR currently imposes strict rules on the transfer of

personal data out of the European Union to the United States or other regions that have not yet been deemed to offer “adequate” privacy protections.

The GDPR enhances data protection obligations for businesses and provides direct legal obligations for service providers processing personal data on behalf of customers, including with respect to cooperation with European data protection authorities, implementation of security measures and keeping records of personal data processing activities. Moreover, the GDPR requirements apply not only to third-party transactions, but also to transfers of information between us and our subsidiaries, including employee information. Noncompliance with the GDPR can trigger steep fines of up to €20 million or 4% of global annual revenues, whichever is higher. In addition, further to the UK’s exit from the EU on January 31, 2020, the GDPR ceased to apply in the UK at the end of the transition period on December 31, 2020. However, as of January 1, 2021, the UK’s European Union (Withdrawal) Act 2018 incorporated the GDPR (as it existed on December 31, 2020 but subject to certain UK specific amendments) into UK law, referred to as the UK GDPR. The UK GDPR and the UK Data Protection Act 2018 set out the UK’s data protection regime, which is independent from but aligned to the EU’s data protection regime. The UK Government has announced plans to reform its data protection legal framework in its Data Reform Bill but those have been put on hold. Non-compliance with the UK GDPR may result in monetary penalties of up to £17.5 million or 4% of worldwide revenue, whichever is higher. Although the UK is regarded as a third country under the EU’s GDPR, the European Commission (“EC”) has now issued a decision recognizing the UK as providing adequate protection under the EU GDPR and, therefore, transfers of personal data originating in the EU to the UK remain unrestricted. Like the EU GDPR, the UK GDPR restricts personal data transfers outside the UK to countries not regarded by the UK as providing adequate protection. The UK government has confirmed that personal data transfers from the UK to the EEA remain free flowing.

In addition to the GDPR, the European Union is also in the process of replacing the e-Privacy Directive (2002/58/EC) with a new set of rules taking the form of the ePrivacy Regulation, which will be directly implemented in the laws of each European member state, without the need for further enactment. Certain jurisdictions are actively applying the ePrivacy Directive to enforce cookie consent and consent requirements generally under the GDPR. Originally planned to be adopted and implemented at the same time as the GDPR, the ePrivacy Regulation is still going through the European legislative process. As of March 2022, the Council of the European Union and European Parliament have agreed on the proposed draft of the Regulation for a final vote. Any passed Regulation would go into effect two years from the twentieth day after its publication. In the meantime, the Directive is still in effect, and will continue to be in effect for the UK even after the Regulation has passed. Preparing for and complying with the GDPR and the ePrivacy Regulation (if and when it becomes effective) has required and will continue to require us to incur substantial operational costs and may require us to change our business practices. Despite our efforts to bring practices into compliance with the GDPR and before the effective date of the ePrivacy Regulation, we may not be successful either due to internal or external factors such as resource allocation limitations and in inconsistency in interpretation of the law across EU regulatory bodies. Non-compliance could result in proceedings against us by governmental entities, customers, data subjects, consumer associations or others.

The European Union has also passed regulations, such as the Digital Services Act (DSA), specific to intermediaries, cloud service providers and hosting services, including those that permit for user-generated content. These laws provide for specific requirements for removal of content, disclosures about the means used to generate targeted advertising and decisions made via automated decision making, and timelines for reporting compliance metrics. Given the scope of the responsibilities and specificity of the steps, compliance will require development and monitoring of processes, which increases costs beyond potential fines, such as human resources, investment in technology and potential losses from lost revenue from advertising.

The EU-U.S. and the Swiss-U.S. Privacy Shield frameworks allowed U.S. companies that self-certify to the U.S. Department of Commerce and publicly commit to comply with specified requirements to import personal data from the EU and Switzerland. Recently, the Court of Justice of the EU ruled that the EU-U.S. Privacy Shield is an invalid transfer mechanism, but upheld Standard Contractual Clauses as a valid transfer mechanism, provided they meet certain requirements. To enable the transfer of personal data outside of the EEA or the UK, adequate safeguards must be implemented in compliance with European and UK data protection laws. On June 4, 2021, the EC issued new forms of standard contractual clauses for data transfers from controllers or processors in the EU/EEA (or otherwise subject to the GDPR) to controllers or processors established outside the EU/EEA (and not subject to the GDPR). The new standard contractual clauses replace the standard contractual clauses that were adopted previously under the EU Data Protection Directive. The UK is not subject to the EC’s new standard contractual clauses. The UK Information Commissioner’s Office has published a version of a UK-specific transfer mechanism (the International Data Transfer Agreement), which came into effect on March 21, 2022, that enables transfers from the UK. The ICO has also permitted exporters to rely on the current version of the EU SCC’s by implementing a UK Addendum stating as such. We have implemented these new safeguards when conducting restricted data transfers under the EU and UK GDPR, and establishing and maintaining compliance will require significant effort and cost.

The EU's data protection landscape is evolving with respect to transfers to US-based service providers (processors) or those using US-based cloud service providers to process information collected in the EU, particularly after the invalidation of the Privacy Shield and creation of new standard contractual clauses. While we have taken steps to mitigate the impact, such as implementing the new standard contractual clauses and creating a risk assessment for transfers of personal information from our customers to the US, recent decisions indicate that the longevity of these mechanisms remains uncertain and may continue to evolve. Further action in this area could increase the risk of continued transfers or create costs for engaging a EU-based processor or cloud-service provider. Compliance obligations could cause us to incur costs or negatively affect the operations of our products and services in ways that harm our business. On March 25, 2022, the EC and the US announced to have reached a political agreement on a new "Trans-Atlantic Data Privacy Framework", which will replace the invalidated Privacy Shield and on December 13, 2022, the EC published a draft adequacy decision on the Trans-Atlantic Data Privacy Framework.

In the United States, many state legislatures have adopted or are considering legislation that regulates how businesses operate online, including measures relating to privacy. California enacted the California Consumer Privacy Act, or "CCPA," which creates new individual privacy rights for California consumers (as defined in the law) and places increased privacy and security obligations on entities handling personal data of consumers or households. The CCPA, effective since January 1, 2020, requires covered businesses, such as our company, to provide certain disclosures to consumers about its data collection, use and sharing practices, and to provide affected California residents with ways to opt-out of certain sales or transfers of personal information, in particular sharing for the purposes of targeted advertising. The California Privacy Rights Act ("CPRA"), an amendment expanding the rights of the CCPA to other types of California residents went into effect on January 1, 2023, creating a separate agency charged with enforcement and promulgating compliance guidelines and removing the 30-day cure period for alleged violations available under the CCPA. No regulations have been finalized but the CPRA leaves many provisions up to the decision of this agency, making compliance requirements more uncertain. The CCPA provides for civil penalties for violations, as well as a private right of action for certain data breaches that result in the loss of personal information. This private right of action may increase the likelihood of, and risks associated with, data breach litigation. There continues to be uncertainty surrounding the enforcement and implementation of the CCPA exemplifying the vulnerability of our business to the evolving regulatory environment related to personal data and protected information. These penalties have been unchanged by the CPRA, but businesses no longer have a guaranteed 30-day cure period.

The existence of privacy laws in different states in the United States will make our compliance obligations more complex and costly and may increase the likelihood that we may be subject to enforcement actions or otherwise incur liability for noncompliance and require additional investment of resources in compliance programs, and/or changes in business practices and policies. In 2023 alone, Virginia, Colorado, Connecticut and Utah privacy laws have either already, or are expected to, come into effect. Current draft regulations and amendments show those laws are very similar to obligations imposed by either the CCPA or GDPR, which makes our ability to adapt current compliance programs to future privacy laws easier. However, even small deviations in definition could create compliance complexity for a business that relies heavily on device-based information.

With respect to all of the foregoing, any failure or perceived failure by us to comply with U.S. federal or state, EU or other foreign privacy or data security laws, policies, industry standards or legal obligations, or any security incident that results in the unauthorized Processing of Personally Identifiable Information or other customer data may result in governmental investigations, inquiries, enforcement actions and prosecutions, private litigation, fines and penalties or adverse publicity. Efforts to ensure that our business arrangements will comply with applicable information privacy laws may involve substantial costs. Various jurisdictions around the world continue to propose new laws that regulate the privacy and/or security of certain types of personal data. Complying with these laws, if enacted, would require significant resources and leave us vulnerable to possible fines and penalties if we are unable to comply. It is possible that governmental and enforcement authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law. If we are unable to comply, or have not fully complied, with such laws, we could face penalties, including, without limitation, civil, criminal, and administrative penalties, damages, fines, individual imprisonment, or restructuring of our operations.

***Our business and operations may be adversely affected by variety of U.S. federal and state, as well as international laws and regulations regarding climate change.***

In addition, changes in federal and state legislation and regulation on climate change could result in increased capital expenditures to improve the energy efficiency of our existing office leases in order to comply with such regulations. Numerous treaties, laws and regulations have been enacted or proposed in an effort to regulate climate change, including regulations aimed at limiting greenhouse gas emissions and the implementation of “green” building codes. These laws and regulations may require us or our landlords to make improvements to our existing office spaces that result in increased operating costs that we may not be able to effectively pass on to our landlords under the terms of our leases. We may also incur costs associated with increased regulations or investor requirements for increased environmental and social disclosures and reporting. The cost of compliance with, or failure to comply with, such laws and regulations could impact our financial condition, and our ability to meet our lease obligations.

#### **Risk related to owning our common stock**

***Our stock price has been volatile and is likely to be volatile in the future.***

The market price of our common stock has been and is likely to be highly volatile and could be subject to significant fluctuations in response to, among other things, the risk factors described in this report and other factors beyond our control. Market prices for securities of early stage companies have historically been particularly volatile. Some, but not all, of the factors that may cause the market price of our common stock to fluctuate include:

- fluctuations in our quarterly or annual financial results or the quarterly or annual financial results of companies perceived to be similar to us or relevant for our business;
- changes in estimates of our financial results or recommendations by securities analysts;
- failure of our products to achieve or maintain market acceptance;
- changes in market valuations of similar or relevant companies;
- success of competitive service offerings or technologies;
- changes in our capital structure, such as the issuance of securities or the incurrence of debt;
- announcements by us or by our competitors of significant services, contracts, acquisitions or strategic alliances;
- regulatory developments in the United States, foreign countries, or both;
- market volatility resulting from the COVID-19 pandemic;
- litigation;
- additions or departures of key personnel;
- investors’ general perceptions; and
- changes in general economic, industry or market conditions.

In addition, if the market for technology stocks, or the stock market in general, experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, financial condition, or results of operations. If any of the foregoing occurs, it could cause our stock price to fall and may expose us to lawsuits that, even if unsuccessful, could be costly to defend and a distraction to management.

***Our business and operations could be adversely affected if we are subject to stockholder activism, which could cause us to incur significant expense and impact the market price of our common stock.***

In recent years, proxy contests and other forms of stockholder activism have been directed against numerous public companies. Stockholder activism, including potential proxy contests, could result in substantial costs and divert the attention of our management and our board of directors and resources from our business. Activist campaigns can create perceived uncertainties as to our future direction, strategy or leadership and may result in the loss of potential business opportunities and harm our ability to attract new customers, employees and investors. In addition, we may be required to incur significant legal fees and other expenses related to any activist stockholder matters. Further, the market price of our common stock could be subject to significant fluctuation or otherwise be adversely affected by the events, risks, and uncertainties of any stockholder activism.

***If securities or industry analysts do not publish, or cease publishing, research or reports about us, our business or our market, or if they adversely change their recommendations regarding our stock, our stock price and trading volume could decline.***

The trading market for our common stock could be influenced by research and reports that industry or security analysts may publish about us, our business, our market or our competitors. If any of the analysts who may cover us adversely change their recommendations regarding our stock, or provide more favorable relative recommendations about our competitors, our stock price would likely decline. If any analyst who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

***We do not expect to declare any dividends in the foreseeable future.***

We do not anticipate declaring any dividends to holders of our common stock in the foreseeable future. Consequently, investors may need to rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking dividends should not purchase our common stock.

***We may be unable to meet our future capital requirements, which could limit our ability to grow.***

We believe our existing cash and cash equivalents will be sufficient to meet our anticipated working capital and capital expenditure needs over at least the next 12 months. We may, however, need, or could elect to seek, additional funding at any time. To the extent that existing resources are insufficient to fund our business operations, our future activities for the expansion of our service and our product offerings, developing and sustaining our relationships and infrastructure for the distribution and delivery of digital media online, marketing, and supporting our office facilities, we may need to raise additional funds through equity or debt financing. Additional funds may not be available on terms favorable to us or our stockholders. Furthermore, if we issue equity securities, our stockholders may experience additional dilution or the new equity securities may have rights, preferences and privileges senior to those of our existing classes of stock. If we cannot raise funds on acceptable terms, we may not be able to develop or enhance our products, take advantage of future opportunities or respond to competitive pressures or unanticipated requirements.

***Failure to maintain effective internal control over financial reporting could result in our failure to accurately report our financial results. Any inability to report and file our financial results accurately and timely could harm our business and adversely impact investor confidence in our company and, as a result, the value of our common stock.***

We are required to evaluate our internal control over financial reporting in connection with Section 404 of the Sarbanes-Oxley Act, and our independent registered public accounting firm is required to attest to the effectiveness of our internal control over financial reporting. This assessment includes the disclosure of any material weaknesses in our internal control over financial reporting identified by our management, as well as our independent registered public accounting firm's attestation report on our internal control over financial reporting. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal control over financial reporting is effective. If we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion on the effectiveness of our internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, which could have a material adverse effect on the price of our common stock.

***Anti-takeover provisions contained in our amended and restated certificate of incorporation and amended and restated bylaws, as well as provisions of Delaware law, could impair a takeover attempt.***

Our amended and restated certificate of incorporation and bylaws, and Delaware law, contain provisions that could have the effect of rendering more difficult or discouraging an acquisition deemed undesirable by our board of directors. Our corporate governance documents include provisions:

- authorizing blank check preferred stock, which could be issued with voting, liquidation, dividend, and other rights superior to our common stock;
- limiting the liability of, and providing indemnification to, our directors and officers;
- limiting the ability of our stockholders to call and bring business before special meetings and to take action by written consent in lieu of a meeting;
- requiring advance notice of stockholder proposals for business to be conducted at meetings of our stockholders and for nominations of candidates for election to our board of directors;



- controlling the procedures for the conduct and scheduling of board of directors and stockholder meetings;
- providing our board of directors with the express power to postpone previously scheduled annual meetings and to cancel previously scheduled special meetings;
- establishing a classified board of directors so that not all members of our board are selected at one time;
- limiting the determination of the number of directors on our board of directors and the filling of vacancies or newly created seats on the board to our board of directors then in office; and
- providing that directors may be removed by stockholders only for cause.

These provisions, alone or together, could delay hostile takeovers and changes in control of our company or changes in our management.

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law, which prevents some stockholders holding more than 15% of our outstanding common stock from engaging in certain business combinations without approval of the holders of substantially all of our outstanding common stock. Any provision of our amended and restated certificate of incorporation or bylaws or Delaware law that has the effect of delaying or deterring a change in control 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.

*We record substantial expenses related to our issuance of equity awards that may have a material adverse impact on our operating results for the foreseeable future.*

We expect our stock-based compensation expenses will continue to be significant in future periods, which will have an adverse impact on our operating results. The model used by us to value stock options requires the input of subjective assumptions, including the price volatility of the option's underlying stock, the expected life of the options and the risk-free interest rate. This model does not include RSUs. If facts and circumstances change and we employ different assumptions for estimating stock-based compensation expense in future periods, or if we decide to use a different valuation model, the future period expenses may differ significantly from what we have recorded in the current period and could materially affect the fair value estimate of stock-based payments, our operating income, net income and net income per share.

#### **Item 1B. Unresolved Staff Comments**

Not applicable.

#### **Properties**

#### **Item 2.**

Our corporate headquarters is located at 281 Summer Street in Boston, Massachusetts. We relocated to our current office space in June 2022, and occupy approximately 40,000 square feet.

The initial term of the lease is for ten years. In connection with the office lease, the Company provided a security deposit, in the form of a letter of credit, in the amount of \$823,998 in January 2022. This letter of credit will be auto-renewed annually, unless a 60 day notice is received from the landlord. An automatic extension can only be implemented through November 30, 2032. This letter of credit is irrevocable and does not have a cash requirement other than the amount already set forth. In the event of a default, the landlord must provide written notice of default before drawing from the letter of credit as a security deposit, or to remedy the amount owed.

We have sales and marketing offices in Boston, Massachusetts; London, England; Tokyo, Japan; Sydney, Australia; Seoul, South Korea; and Singapore. Our offices in Chennai, India, Guadalajara, Mexico, Funchal, Portugal and Covilha, Portugal are primarily used for research and development. We believe our facilities are adequate for our current needs.

#### **Item 3. Legal Proceedings**

The Company, from time to time, is party to litigation arising in the ordinary course of business. Management does not believe that the outcome of these claims will have a material adverse effect on the consolidated financial position, results of operations or cash flows of the Company based on the status of proceedings at this time.

#### **Item 4. Mine Safety Disclosures**



PART II

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

Our common stock has been traded on the NASDAQ Global Market under the symbol “BCOV” since our initial public offering on February 17, 2012. Prior to this time, there was no public market for our common stock.

**Dividend Policy**

We have never paid or declared any cash dividends on our common stock. We currently intend to retain any cash flow to finance the growth and development of our business, and we do not expect to pay any cash dividends on our common stock in the foreseeable future. Payment of future dividends, if any, will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, restrictions contained in current or future financing instruments and other factors our board of directors deems relevant.

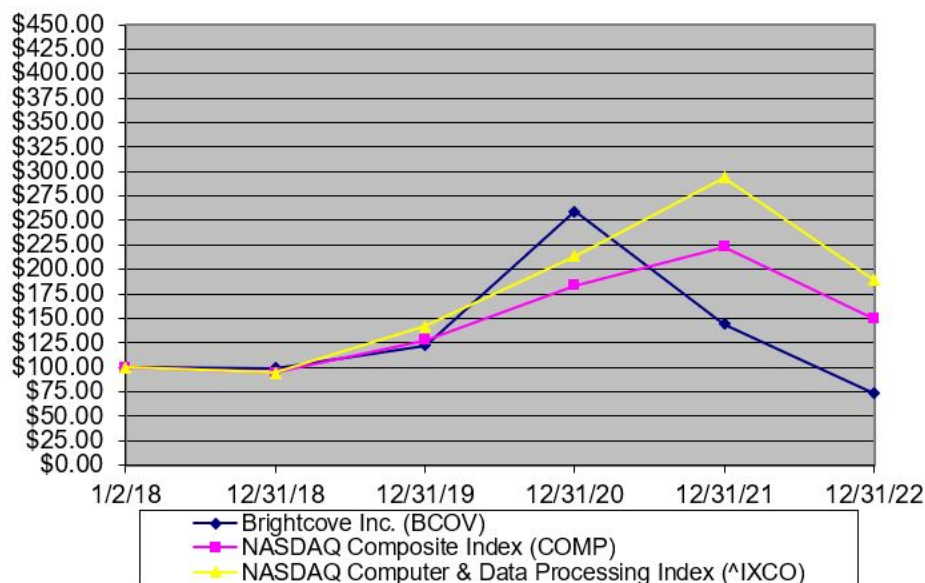
**Stockholders**

As of February 20, 2023, there were approximately 82 holders of record of our common stock (not including beneficial holders of stock held in street name).

**Stock Performance Graph**

The graph set forth below compares the cumulative total stockholder return on our common stock between January 2, 2018 and December 31, 2022, with the cumulative total return of (a) the NASDAQ Computer & Data Processing Index and (b) the NASDAQ Composite Index, over the same period. This graph assumes the investment of \$100 on January 2, 2018 in our common stock, the NASDAQ Computer & Data Processing Index and the NASDAQ Composite Index and assumes the reinvestment of dividends, if any. The graph assumes our closing sales price on December 19, 2017 of \$7.10 per share as the initial value of our common stock.

The comparisons shown in the graph below are based upon historical data. We caution that the stock price performance shown in the graph below is not necessarily indicative of, nor is it intended to forecast, the potential future performance of our common stock. Information used in the graph was obtained from the NASDAQ Stock Market LLC, a financial data provider and a source believed to be reliable. The NASDAQ Stock Market LLC is not responsible for any errors or omissions in such information.



	<u>1/2/2018</u>	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>	<u>12/31/2022</u>
Brightcove Inc.	100.0	99.2	122.4	259.2	143.9	73.7
NASDAQ Composite Index	100.0	94.7	128.1	183.9	223.3	149.4
NASDAQ Computer & Data Processing Index	100.0	94.6	142.2	213.3	294.1	188.9

**Purchases of Equity Securities by the Issuer or Affiliated Purchasers**

There were no repurchases of shares of common stock made during the year ended December 31, 2022.

**Item 6. Selected Consolidated Financial Data**

Not applicable.

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

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the financial statements and related notes appearing elsewhere in this Annual Report on Form 10-K. The following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Annual Report on Form 10-K, particularly in “Risk Factors.”*

### Overview

We are a leading global provider of cloud-based streaming services with a mission to be the most trusted streaming technology company in the world. We were incorporated in Delaware in August 2004. With our Emmy®-winning technology and award-winning services, we help our customers realize the potential of video to address business-critical challenges. Customers rely on our suite of products, services, and expertise to reduce the cost and complexity associated with publishing, distributing, measuring and monetizing video across devices.

We sell six core video products that help our customers use video to further their businesses in meaningful ways: (1) Video Cloud, our flagship product and the world’s leading online video streaming platform, enables our customers to quickly and easily distribute high-quality video to Internet-connected devices; (2) Brightcove Live, our industry-leading solution for live streaming, delivers high-quality viewer experiences at scale; (3) Brightcove Beacon, a purpose-built application that enables companies to launch premium OTT video experiences quickly and cost effectively, across devices and with the flexibility of multiple monetization models; (4) Brightcove Player, an exceptionally fast, cloud-based technology for creating and managing video experiences; (5) Zencoder, a powerful, cloud-based video encoding technology; and (6) Brightcove Audience Insights, a business intelligence platform that provides actionable intelligence on viewers and subscribers.

Customers can complement their use of our core products with modular technologies that provide enhanced capabilities such as (1) innovative ad insertion and video stitching through Brightcove SSAI; (2) improving their ad monetization strategies to earn more revenue through the use of the Brightcove Ad Network; (3) efficiently manage their video presence across social networks, including Facebook, Twitter, YouTube, and LinkedIn, through the use of Brightcove Social; (4) an app for creating marketing campaigns with insightful data and industry benchmarks through Brightcove Campaign; (5) create branded video experience by accessing templates with built-in best practices through Brightcove Gallery; and (6) providing tools that enable our customers to make their video experiences interactive their viewers with interaction options through Brightcove Interactivity.

We have also brought to market several video solutions, which are comprised of a suite of video technologies that address specific customer use-cases and needs: (1) Brightcove Marketing Studio, which includes Video Marketing Suite, enables marketers to use video to drive brand awareness, engagement and conversion; (2) Brightcove Communications Studio, which includes Enterprise Video Suite, provides an enterprise-class platform for internal communications, employee training, live streaming, marketing and ecommerce videos; (3) Brightcove CorpTV provides a new way to deliver marketing videos, product announcements, training programs, and other live and on-demand content in a branded experience for companies; and (4) Brightcove Virtual Events helps brands transform events into bespoke virtual experiences.

Our philosophy for the next few years will continue to be to invest in our product strategy and development, sales, and go-to-market activities to support our long-term revenue growth. We believe these investments will help us address some of the challenges facing our business such as demand for our products by existing and potential customers, rapid technological change in our industry, increased competition and resulting price sensitivity. These investments include support for the expansion of our infrastructure within our hosting facilities, the hiring of additional technical and sales personnel, the innovation of new features for existing products and the development of new products. We believe this strategy will help us retain our existing customers, increase our average annual subscription revenue per premium customer and lead to the acquisition of new customers. Additionally, we believe customer growth will enable us to achieve economies of scale which will reduce our cost of goods sold, research and development and general and administrative expenses as a percentage of total revenue.

As of December 31, 2022, and 2021 we had 725 and 687 employees, respectively.

We generate revenue by offering our products to customers on a subscription-based, software as a service, or SaaS, model. Our revenue remained steady at \$211.1 million in the year ended December 31, 2021 as compared to \$211.0 million in the year ended December 31, 2022. Though we increased our subscription and support revenue compared to the prior year, this increase was offset by a decrease in professional services revenue. Our consolidated net loss was \$9.0 million for the year ended December 31, 2022, and our consolidated net income was \$5.4 million for the year ended December 31, 2021. Included in consolidated net loss for the year ended December 31, 2022 was merger-related expenses, stock-based compensation expense and amortization of acquired intangible assets of \$747,000, \$13.5 million and \$3.4 million, respectively. Included in consolidated net

income for the year ended December 31, 2021 was merger-related expenses, stock-based compensation expense and amortization of acquired intangible assets of \$300,000, \$10.0 million, and \$3.1 million, respectively.

For the years ended December 31, 2022 and 2021, our revenue derived from customers located outside North America was 44% and 44%, respectively. We expect the percentage of revenue derived from outside North America to remain relatively unchanged or decrease in future periods due to fluctuations in exchange rates, particularly the Japanese Yen and a decrease in usage-based fees.

### Key Metrics

We regularly review a number of metrics, including the following key metrics, to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions.

The following table includes our key metrics for the periods presented:

	Year Ended December 31,	
	2022	2021
Customers (at period end)		
Premium	2,235	2,227
Volume	610	908
Total customers (at period end)	2,845	3,135
Net revenue retention rate	95%	97%
Recurring dollar retention rate	89%	90%
Average annual subscription revenue per premium customer, excluding Starter edition customers (in thousands)	\$ 95.2	\$ 94.1
Average annual subscription revenue per premium customer for Starter edition customers only (in thousands)	\$ 4.5	\$ 5.1
Total backlog, excluding professional services engagements (in millions)	\$ 153.3	\$ 156.2
Total backlog to be recognized over next 12 months, excluding professional services engagements (in millions)	\$ 120.1	\$ 121.2

- Number of Customers.** We define our number of customers at the end of a particular quarter as the number of customers generating subscription revenue at the end of the quarter. We believe the number of customers is a key indicator of our market penetration, the productivity of our sales organization and the value that our products bring to our customers. We classify our customers by including them in either premium or volume offerings. Our premium offerings include our premium Video Cloud customers (Enterprise and Pro editions), our Zencoder customers (other than Zencoder customers on month-to-month contracts and pay-as-you-go contracts), our SSAI customers, our Player customers, our OTT Flow customers (OTT Flow is our partner-based OTT platform, which preceded Brightcove Beacon), our Brightcove Virtual Events customers, our Brightcove Marketing Studio customers, our Brightcove Communications Studio customers, our Brightcove Beacon customers, our Brightcove Engage customers, our Brightcove CorpTV, and our Brightcove Campaign customers. Our volume offerings include our Video Cloud Express customers and our Zencoder customers on month-to-month contracts and pay-as-you-go contracts.

Our go-to-market focus and growth strategy is to expand our premium customer base, as we believe our premium customers represent a greater opportunity for our solutions. Premium customers decreased compared to the prior period due to some customers deciding to switch to in-house solutions or other third-party solutions. Volume customers decreased in recent periods primarily due to our discontinuation of the promotional Video Cloud Express offering. As a result, we have experienced attrition of this base level offering without a corresponding addition of customers. We expect customers using our volume offerings to continue to decrease in 2023 and beyond as we continue to focus on the market for our premium solutions.

- Net Revenue Retention Rate.** We assess our ability to retain and expand customers using a metric we refer to as our net revenue retention rate. We calculate the net revenue retention rate by dividing: (a) the current annualized recurring revenue for premium customers that existed twelve months prior by (b) the annualized recurring revenue for all premium customers

that existed twelve months prior. We define annualized recurring revenue for premium customers as the aggregate annualized contract value from our premium customer base, measured as of the end of a given period. We typically calculate our net revenue retention rate on a quarterly basis. For annual periods, we report net revenue retention rate as the average of the net revenue retention rate for all fiscal quarters included in the period. By dividing the retained recurring revenue by the base recurring revenue, we measure our success in retaining and growing installed revenue from the specific cohort of customers we served at the beginning of the period. The recurring dollar retention rate focuses on contracts up for renewal in a given quarter, and only captures expansion/upsells at time of renewal, and is more susceptible to swings than the net revenue retention rate. Accordingly, we plan to continue to report the net revenue retention rate in addition to reporting recurring dollar retention rate after this Annual Report on Form 10-K for the year ended December 31, 2022.

- *Recurring Dollar Retention Rate.* We assess our ability to retain customers using a metric we refer to as our recurring dollar retention rate. We calculate the recurring dollar retention rate by dividing the retained recurring value of subscription revenue for a period by the previous recurring value of subscription revenue for the same period. We define retained recurring value of subscription revenue as the committed subscription fees for all contracts that renew in a given period, including any increase or decrease in contract value. We define previous recurring value of subscription revenue as the recurring value from committed subscription fees for all contracts that expire in that same period. We typically calculate our recurring dollar retention rate on a monthly basis. Recurring dollar retention rate provides visibility into our ongoing revenue.
- *Average Annual Subscription Revenue Per Premium Customer.* We define average annual subscription revenue per premium customer as the total subscription revenue from premium customers for an annual period, excluding professional services revenue, divided by the average number of premium customers for that period. We believe that this metric is important in understanding subscription revenue for our premium offerings in addition to the relative size of premium customer arrangements. As our Starter edition has a price point of \$199 or \$499 per month, we disclose the average annual subscription revenue per premium customer separately for Starter edition customers and all other premium customers.
- *Backlog.* We define backlog as the aggregate amount of transaction price that is allocated to performance obligations that have not yet been satisfied, excluding professional service engagements. We believe that this metric is important in understanding future business performance.

## COVID-19 Update

While the implications of the COVID-19 pandemic remain uncertain, we plan to continue to make investments to support business growth. We believe that the growth of our business is dependent on many factors, including our ability to expand our customer base, increase adoption of our product offerings within existing customers, develop new products and applications to extend the functionality of our products and provide a high level of customer service. We expect to invest in sales and marketing to support customer growth. We also expect to invest in research and development as we continue to introduce new products and applications to extend the functionality of our products. We intend to maintain a high level of customer service and support which we consider critical for our continued success. We also expect to continue to incur general and administrative expenses to support our business and to maintain the infrastructure required to be a public company. We expect to use our cash flow from operations and, if necessary, our credit facility to fund operations.

See the section titled “Risk Factors” included under Item 1A for further discussion of the possible impact of the COVID-19 pandemic on our business.

## Components of Consolidated Statements of Operations

### Revenue

*Subscription and Support Revenue* — We generate subscription and support revenue from the sale of our products.

Video Cloud is offered in two product lines. The first product line is comprised of our premium product editions. All premium editions include functionality to publish and distribute video to Internet-connected devices, with higher levels of premium editions providing additional features and functionality. Customer arrangements are typically one-year contracts, which include a subscription to Video Cloud, basic support and a pre-determined amount of video streams, bandwidth, transcoding and storage. We also offer gold, platinum and platinum plus support to our premium customers for an additional fee. The pricing for our premium editions is based on the value of our software, as well as the number of users, accounts and usage, which is comprised of video streams, bandwidth, transcoding and storage. Should a customer’s usage exceed the contractual entitlements, the contract will provide the rate at which the customer must pay for actual usage above the contractual entitlements. The second product line is comprised of our volume product edition. Our volume editions target small and medium-sized businesses, or SMBs. The volume editions provide customers with the same basic functionality that is offered in our premium product editions

but have been designed for customers who have lower usage requirements and do not typically require advanced features and functionality. We discontinued the lower level pricing options for the Express edition of our volume offering and expect the total number of customers using the Express edition to continue to decrease. Customers who purchase the volume editions generally enter into month-to-month agreements. Volume customers are generally billed on a monthly basis and pay via a credit card.

Brightcove Virtual Events, Brightcove Live and Brightcove Player are offered to customers on a subscription basis. Customer arrangements are typically one-year contracts, which include a subscription to Brightcove Virtual Events, Brightcove Live or the Brightcove Player, basic support and a pre-determined amount of video streams, bandwidth, transcoding, and storage and only video streams for Brightcove Player. We also offer gold, platinum, and platinum plus support to our Brightcove Virtual Events, Brightcove Live and Brightcove Player customers for an additional fee. The pricing for these products is based on the value of our software, as well as, the number of users, accounts and usage. Should a customer's usage exceed the contractual entitlements, the contract will provide the rate at which the customer must pay for actual usage above the contractual entitlements.

Zencoder is offered to customers on a subscription basis, with either committed contracts or pay-as-you-go contracts. The pricing is based on usage, which is comprised of minutes of video processed. The committed contracts include a fixed number of minutes of video processed. Should a customer's usage exceed the contractual entitlements, the contract will provide the rate at which the customer must pay for actual usage above the contractual entitlements. Zencoder customers are considered premium customers other than Zencoder customers on month-to-month contracts or pay-as-you-go contracts, which are considered volume customers.

Brightcove Beacon and Brightcove Campaign are each offered to customers on a subscription basis, with varying levels of functionality, usage entitlements and support based on the size and complexity of a customer's needs. Customer arrangements are typically one-year contracts.

Video Marketing Suite and Enterprise Video Suite are offered to customers on a subscription basis in Starter, Pro and Enterprise editions. The Pro and Enterprise customer arrangements are typically one-year contracts, which typically include a subscription to Video Cloud, Gallery, Brightcove Social (for Video Marketing Suite customers) or Brightcove Live (for Enterprise Video Suite customers), basic support and a pre-determined amount of video streams or plays (for Video Marketing Suite customers), viewers (for Enterprise Video Suite customers), bandwidth and storage or videos. We also generally offer gold support or platinum support to these customers for an additional fee, which includes extended phone support. The pricing for our Pro and Enterprise editions is based on the number of users, accounts and usage, which is comprised of video streams or plays, viewers, bandwidth and storage or videos. Should a customer's usage exceed the contractual entitlements, the contract will provide the rate at which the customer must pay for actual usage above the contractual entitlements, or will require the customer to upgrade its package upon renewal. The Starter edition provides customers with the same basic functionality that is offered in our Pro and Enterprise editions but has been designed for customers who have lower usage requirements and do not typically seek advanced features and functionality. In 2022, we also discontinued the lower pricing option for our Starter edition. Customers who purchase the Starter edition may enter into one-year agreements or month-to-month agreements. Starter customers with month-to-month agreements are generally billed on a monthly basis and pay via a credit card.

Brightcove Audience Insights is offered to customers on a subscription basis, with varying levels of functionality and entitlements. Customer arrangements are typically one-year contracts, and include basic support and an initial integration of the platform with third party data sources identified by the customer. Customers can choose to activate a module focusing on active viewers of their content, active subscribers to their service, or both. The pricing for Brightcove Audience Insights is based on module(s) selected and is based on the number of active viewers and/or active subscribers. Should a customer's usage exceed the contractual entitlements, the contract will provide the rate at which the customer must pay for actual usage above the contractual entitlements.

All Brightcove Beacon, Brightcove CorpTV, OTT Flow, Brightcove Campaign, Brightcove Live, SSAI, Player, Brightcove Audience Insights, Brightcove Virtual Events, Video Marketing Suite, and Enterprise Video Suite customers are considered premium customers.

*Professional Services and Other Revenue* — Professional services and other revenue consists of services such as implementation, software customizations and project management for customers who subscribe to our premium editions. These arrangements are priced either on a fixed fee basis with a portion due upon contract signing and the remainder due when the related services have been completed, or on a time and materials basis.

### ***Cost of Revenue***

Cost of subscription, support and professional services revenue primarily consists of costs related to supporting and hosting our product offerings and delivering our professional services. These costs include salaries, benefits, incentive compensation and



stock-based compensation, expenses related to the management of our data centers, our customer support team and our professional services staff. In addition to these expenses, we incur third-party service provider costs such as data center and content delivery network, or CDN, expenses, allocated overhead, depreciation expense and amortization of capitalized internal-use software development costs and acquired intangible assets. We allocate overhead costs such as rent, utilities and supplies to all departments based on relative headcount. As such, general overhead expenses are reflected in cost of revenue in addition to each operating expense category. The costs associated with providing professional services are significantly higher as a percentage of related revenue than the costs associated with delivering our subscription and support services due to the labor costs of providing professional services.

Cost of revenue increased in absolute dollars from 2021 to 2022. In future periods we expect our cost of revenue will increase in absolute dollars as our revenue increases. Cost of revenue as a percentage of revenue could fluctuate from period to period depending on the number of our professional services engagements and any associated costs relating to the delivery of subscription services and the timing of significant expenditures. To the extent that our customer base grows, we intend to continue to invest additional resources in expanding the delivery capability of our products and other services. The timing of these additional expenses could affect our cost of revenue, both in terms of absolute dollars and as a percentage of revenue, in any particular quarterly or annual period.

### ***Operating Expenses***

We classify our operating expenses as follows:

***Research and Development.*** Research and development expenses consist primarily of personnel and related expenses for our research and development staff, including salaries, benefits, incentive compensation and stock-based compensation, in addition to the costs associated with contractors and allocated overhead. We have focused our research and development efforts on expanding the functionality and scalability of our products and enhancing their ease of use, as well as creating new product offerings. We expect research and development expenses to increase in absolute dollars as we intend to continue to periodically release new features and functionality, expand our product offerings, continue the localization of our products in various languages, upgrade and extend our service offerings, and develop new technologies. Over the long term, we believe that research and development expenses as a percentage of revenue will decrease, but will vary depending upon the mix of revenue from new and existing products, features and functionality, as well as changes in the technology that our products must support, such as new operating systems or new Internet-connected devices.

***Sales and Marketing.*** Sales and marketing expenses consist primarily of personnel and related expenses for our sales and marketing staff, including salaries, benefits, incentive compensation, commissions, stock-based compensation and travel costs, amortization of acquired intangible assets, in addition to costs associated with marketing and promotional events, corporate communications, advertising, other brand building and product marketing expenses and allocated overhead. Our sales and marketing expenses have increased in absolute dollars in each of the last three years. We intend to continue to invest in sales and marketing and expand the sale of our product offerings within our existing customer base, build brand awareness and sponsor additional marketing events. Accordingly, we expect sales and marketing expenses to continue to be our most significant operating expense in future periods. Over the long term, we believe that sales and marketing expense as a percentage of revenue will decrease, but will vary depending upon the mix of revenue from new and existing customers and from small, medium-sized and enterprise customers, as well as changes in the productivity of our sales and marketing programs.

***General and Administrative.*** General and administrative expenses consist primarily of personnel and related expenses for executive, legal, finance, information technology and human resources functions, including salaries, benefits, incentive compensation and stock-based compensation. General and administrative expenses also include the costs associated with professional fees, insurance premiums, other corporate expenses and allocated overhead. Over the long term, we believe that general and administrative expenses as a percentage of revenue will decrease.

***Merger-related.*** Merger-related costs consist of expenses related to mergers and acquisitions, integration costs and general corporate development activities.

***Other Expense (Benefit).*** Reflects other operating benefits, costs that do not directly relate to the operating activities listed above.

### **Other (Expense) Income, net**

Other (expense) income consists primarily of interest income earned on our cash, cash equivalents, and foreign exchange gains and losses.

## **Income Taxes**

As part of the process of preparing our consolidated financial statements, we are required to estimate our taxes in each of the jurisdictions in which we operate. We account for income taxes in accordance with the asset and liability method. Under this method, deferred tax assets and liabilities are recognized based on temporary differences between the financial reporting and income tax bases of assets and liabilities using statutory rates. In addition, this method requires a valuation allowance against net deferred tax assets if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. We have provided a valuation allowance against our existing U.S. net deferred tax assets and deferred tax assets of certain foreign subsidiaries at December 31, 2022. We maintain net deferred tax liabilities for temporary differences related to our Japanese and Portuguese subsidiaries.

## **Stock-Based Compensation Expense**

Our cost of revenue, research and development, sales and marketing, and general and administrative expenses include stock-based compensation expense. Stock-based compensation expense represents the fair value of outstanding stock options and restricted stock awards, which is recognized as expense over the respective stock option and restricted stock award service periods. For the years ended December 31, 2022, 2021 and 2020, we recorded stock-based compensation expense of \$13.5 million, \$10.0 million, and \$8.8 million, respectively. We expect stock-based compensation expense to increase in absolute dollars in future periods.

## **Foreign Currency Translation**

With regard to our international operations, we frequently enter into transactions in currencies other than the U.S. dollar. As a result, our revenue, expenses and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the euro, British pound, Australian dollar, and Japanese yen. In periods when the U.S. dollar declines in value as compared to the foreign currencies in which we conduct business, our foreign currency-based revenue and expenses generally increase in value when translated into U.S. dollars. During the year ended December 31, 2022, the U.S. dollar increased in value as compared to the foreign currencies in which we conduct business, and our foreign currency-based revenues decreased in value when translated into U.S. dollars. We expect the percentage of total net revenue derived from outside North America to increase in future periods as we continue to expand our international operations. Should the U.S. dollar continue to increase in value, our future percentage of total net revenue derived from outside North America may remain relatively unchanged or decrease.

## **Critical Accounting Policies and Estimates**

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Our actual results may differ from these estimates under different assumptions or conditions.

We believe that the following significant accounting policies, which are more fully described in the notes to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K, involve a greater degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our financial condition and results of operations.

### ***Revenue Recognition***

We primarily derive revenue from the sale of our online video platform, which enables our customers to publish and distribute video to Internet-connected devices quickly, easily and in a cost-effective and high-quality manner. Revenue is derived from three primary sources: (1) the subscription to our technology and related support; (2) hosting, bandwidth and encoding services; and (3) professional services, which include customization services.

Under ASC 606, when the transaction price includes a variable amount of consideration, an entity is required to estimate the consideration that is expected to be received for a particular customer arrangement. We evaluate variable consideration for usage-based fees at contract inception and re-evaluate quarterly over the course of the contract. Specifically, we estimate the revenue pertaining to a customer's usage that is expected to exceed the annual entitlement allowance and allocate such revenue to the distinct service within the related contract that gives rise to the variable payment. Estimates of variable consideration include

analyzing customer usage against the applicable entitlement limit at the end of each reporting period and estimating the amount and timing of additional amounts to be invoiced in connection with projected usage. Estimates of variable consideration relating to customer usage do not include amounts for which it is probable that a significant reversal will occur. Determining the amount of variable consideration to recognize as revenue involves significant judgment on the part of management and it is possible that actual revenue will deviate from estimates over the course of a customer's committed contract term.

We periodically enter into multiple-element service arrangements that include platform subscription fees, support fees, and, in certain cases, other professional services. These contracts include multiple promises that we evaluate to determine if the promises are separate performance obligations. Performance obligations are identified based on services to be transferred to a customer that are both capable of being distinct and are distinct within the context of the contract. Once we determine the performance obligations, we determine the transaction price, which includes estimating the amount of variable consideration to be included in the transaction price, if any. We then allocate the transaction price to each performance obligation in the contract based on a relative stand-alone selling price method. The transaction price post allocation is recognized as revenue as the related performance obligation is satisfied.

### ***Income Taxes***

We are subject to income taxes in both the United States and international jurisdictions, and we use estimates in determining our provision for income taxes. We account for income taxes under the asset and liability method for accounting and reporting for income taxes. Deferred tax assets and liabilities are recognized based on temporary differences between the financial reporting and income tax basis of assets and liabilities using statutory rates. This process requires us to project our current tax liability and estimate our deferred tax assets and liabilities, including net operating losses and tax credit carryforwards. In assessing the need for a valuation allowance, we considered our recent operating results, future taxable income projections and feasible tax planning strategies. We have provided a valuation allowance against substantially all of our net U.S. deferred tax assets and deferred tax assets of certain foreign subsidiaries at December 31, 2022. We recognized a deferred tax liability in the U.S. for a portion of our indefinite lived intangibles and other deferred tax liabilities that would not be offset against deferred tax assets. We maintain net deferred tax liabilities for temporary differences related to our Japanese and Portuguese subsidiaries. Due to the evolving nature and complexity of tax regulations combined with the number of jurisdictions in which we operate, it is possible that our estimates of our tax liability could change in the future, which may result in additional tax liabilities and adversely affect our results of operations, financial condition and cash flows.

As of December 31, 2022 and 2021, we had no material unrecognized tax benefits.

### ***Business Combinations***

We record tangible and intangible assets acquired and liabilities assumed in business combinations under the purchase method of accounting. Amounts paid for each acquisition are allocated to the assets acquired and liabilities assumed based on their fair values at the date of acquisition. We then allocate the purchase price in excess of net tangible assets acquired to identifiable intangible assets based on detailed valuations that use information and assumptions provided by management. We allocate any excess purchase price over the fair value of the net tangible and intangible assets acquired and liabilities assumed to goodwill.

Significant management judgments and assumptions are required in determining the fair value of acquired assets and liabilities, particularly acquired intangible assets. The valuation of purchased intangible assets is based upon estimates of the future performance and cash flows from the acquired business. Each asset is measured at fair value from the perspective of a market participant. Critical estimates in valuing purchased technology and customer lists include future cash flows that we expect to generate from the acquired assets. If the subsequent actual results and updated projections of the underlying business activity change compared with the assumptions and projections used to develop these values, we could experience impairment charges which could be material. In addition, we have estimated the economic lives of certain acquired assets and these lives are used to calculate depreciation and amortization expense. If our estimates of the economic lives change, depreciation or amortization expenses could be accelerated or slowed.

If different assumptions are used, it could materially impact the purchase price allocation and adversely affect our results of operations, financial condition and cash flows.

## Results of Operations

The following tables set forth our results of operations for the periods presented.

	Year Ended December 31,		
	2022	2021	2020
(in thousands, except share and per share data)			
<b>Revenue:</b>			
Subscription and support revenue	\$ 204,091	\$ 198,929	\$ 187,341
Professional services and other revenue	6,917	12,164	10,012
Total revenue	211,008	211,093	197,353
<b>Cost of revenue:</b>			
Cost of subscription and support revenue	69,935	62,773	67,124
Cost of professional services and other revenue	7,138	10,255	8,973
Total cost of revenue	77,073	73,028	76,097
Gross profit	133,935	138,065	121,256
<b>Operating expenses:</b>			
Research and development	33,524	31,718	33,978
Sales and marketing	73,997	71,177	59,812
General and administrative	32,550	29,261	27,021
Merger-related	747	300	5,768
Other expense (benefit)	1,149	(1,965)	—
Total operating expenses	141,967	130,491	126,579
(Loss) from operations	(8,032)	7,574	(5,323)
Other (expense) income, net	(1,035)	(1,375)	128
(Loss) income before income taxes	(9,067)	6,199	(5,195)
Provision for income taxes	(52)	802	618
Net (loss) income	\$ (9,015)	\$ 5,397	\$ (5,813)
Net (loss) income per share			
Basic	\$ (0.22)	\$ 0.13	\$ (0.15)
Diluted	\$ (0.22)	\$ 0.13	\$ (0.15)
<b>Weighted-average number of common shares used in computing net (loss) income per share</b>			
Basic	41,831	40,717	39,473
Diluted	41,831	42,200	39,473

### Overview of Results of Operations for the Years Ended December 31, 2022 and 2021

Total revenue did not change materially in 2022 compared to 2021 due to an increase in subscription and support revenue of 3%, or \$5.2 million, offset by a decrease in professional services and other revenue of 43%, or \$5.2 million. The increase in subscription and support revenue of 3%, or \$5.2 million, was primarily related to an increase in usage-based fees. The decrease in professional services and other revenue of 43%, or \$5.2 million, was primarily related to the size and number of professional services engagements in 2022 compared to 2021. Professional services and other revenue will vary from period to period depending on the number of implementations and other projects that are in process. Our ability to continue to provide the product functionality and performance that our customers require will be a major factor in our ability to continue to increase revenue.

Our gross profit decreased by \$4.1 million, or 3%, in 2022 compared to 2021, primarily due to an increase in the cost of subscription and support revenue of 11%, or \$7.2 million. This is due to the increase in usage-based fees which have lower margins than our subscription fees. Our ability to continue to maintain our overall gross profit will depend primarily on our ability to continue controlling our costs of delivery, but also the revenue mix between subscription fees and variable, usage-based fees.

Loss from operations was \$8.0 million in 2022 compared to income from operations of \$7.6 million in 2021. This is primarily due to an increase in operating expenses of 9%, or \$11 million. Our ability to continue experiencing operating income will depend primarily on greater revenue from both new and existing customers and from improved efficiencies.

## Revenue

Revenue by Product Line	Year Ended December 31,				Change	
	2022		2021		Amount	%
	Amount	Percentage of Revenue	Amount	Percentage of Revenue		
(in thousands, except percentages)						
Premium	\$ 208,777	99%	\$ 208,183	98%	\$ 594	0%
Volume	2,231	1	2,910	2	(679)	(23)
Total	\$ 211,008	100%	\$ 211,093	100%	\$ (85)	0%

During 2022, revenue did not change materially compared to 2021. Similarly, during 2022, revenue from our premium offerings, which consist of subscription and support revenue, as well as professional services and other revenue, did not change materially compared to 2021. During 2022, volume revenue decreased by \$679,000, or 23%, compared to 2021, driven by a decrease in customers as we continue to focus on the market for our premium solutions.

Revenue by Type	Year Ended December 31,				Change	
	2022		2021		Amount	%
	Amount	Percentage of Revenue	Amount	Percentage of Revenue		
(in thousands, except percentages)						
Subscription and support	\$ 204,091	97%	\$ 198,929	94%	\$ 5,162	3%
Professional services and other	6,917	3	12,164	6	(5,247)	43
Total	\$ 211,008	100%	\$ 211,093	100%	\$ (85)	0%

During 2022, subscription and support revenue increased by \$5.2 million, or 3%, compared to 2021. The increase was primarily related to an increase in usage-based fees during the year ended December 31, 2022. In addition, professional services and other revenue decreased by \$5.2 million, or 43%, compared to the prior year. Professional services and other revenue will vary from period to period depending on the number of implementations and other projects that are in process.

Revenue by Geography	Year Ended December 31,				Change	
	2022		2021		Amount	%
	Amount	Percentage of Revenue	Amount	Percentage of Revenue		
(in thousands, except percentages)						
North America	\$ 118,755	56%	\$ 119,079	56%	\$ (324)	0%
Europe	36,177	17	37,947	18	(1,770)	(5)
Japan	21,988	11	25,272	13	(3,284)	(13)
Asia Pacific	33,645	16	28,261	13	5,384	19
Other	443	—	534	—	(91)	(17)
International subtotal	92,253	44	92,014	44	239	0
Total	\$ 211,008	100%	\$ 211,093	100%	\$ (85)	0%

For purposes of this section, we designate revenue by geographic regions based upon the locations of our customers. North America is comprised of revenue from the United States, Canada and Mexico. International is comprised of revenue from locations outside of North America. Depending on the timing of new customer contracts, revenue mix from a geographic region can vary from period to period.

During 2022, total revenue for North America decreased by \$324,000, or 0%, compared to 2021. During 2022, total revenue outside of North America increased by \$239,000, or 0%, compared to 2021. The increase in revenue from international regions is primarily related to an increase in usage-based revenue in Asia Pacific during the year ended December 31, 2022.

## Cost of Revenue

Cost of Revenue	Year Ended December 31,				Change	
	2022		2021		Amount	%
	Amount	Percentage of Related Revenue	Amount	Percentage of Related Revenue		
(in thousands, except percentages)						
Subscription and support	\$ 69,935	34%	\$ 62,773	32%	\$ 7,162	11%
Professional services and other	7,138	103	10,255	84	(3,117)	(30)
Total	\$ 77,073	37%	\$ 73,028	35%	\$ 4,045	6%

During 2022, cost of subscription and support revenue increased \$7.2 million, or 11%, compared to 2021. This increase corresponds to an increase in our network hosting services, content delivery network, third-party software integration, amortization of capitalized internal-use software, and employee-related expenses of \$3.8 million, \$1.5 million, \$1.4 million, \$1.2 million, and \$303,000, respectively. These increases were offset by a decrease in partner commissions of \$1.6 million. The remaining net increase was due to various other expenses that, in aggregate, increased by approximately \$462,000.

During 2022, cost of professional services and other revenue decreased \$3.1 million, or 30%, compared to 2021. This decrease corresponds to decreases in contractor expenses of \$2.8 million due to lower levels of implementation and professional services provided, as well as decreases in employee-related costs of \$314,000.

## Gross Profit

Gross Profit	Year Ended December 31,				Change	
	2022		2021		Amount	%
	Amount	Percentage of Related Revenue	Amount	Percentage of Related Revenue		
(in thousands, except percentages)						
Subscription and support	\$ 134,156	66%	\$ 136,156	68%	\$ (2,000)	(1)%
Professional services and other	(221)	(3)	1,909	16	(2,130)	(112)
Total	\$ 133,935	63%	\$ 138,065	65%	\$ (4,130)	(3)%

The overall gross profit percentage was 63% and 65% for the years ended December 31, 2022 and 2021, respectively. Subscription and support gross profit decreased \$2.0 million, or 1%, compared to 2021. In addition, professional services and other gross profit decreased \$2.1 million, or 112%, compared to 2021. It is likely that gross profit, as a percentage of revenue, will fluctuate quarter by quarter due to the timing and mix of subscription and support revenue and professional services and other revenue, and the type, timing and duration of service required in delivering certain projects.

## Operating Expenses

Operating Expenses	Year Ended December 31,				Change	
	2022		2021		Amount	%
	Amount	Percentage of Revenue	Amount	Percentage of Revenue		
(in thousands, except percentages)						
Research and development	\$ 33,524	16%	\$ 31,718	15%	\$ 1,806	6%
Sales and marketing	73,997	35%	71,177	34%	2,820	4%
General and administrative	32,550	15%	29,261	14%	3,289	11%
Merger-related	747	—	300	0%	447	149%
Other	1,149	1%	(1,965)	—	3,114	(2)
Total	\$ 141,967	67%	\$ 130,491	63%	\$ 11,476	9%

**Research and Development.** During 2022, research and development expense increased by \$1.8 million, or 6%, compared to 2021. This increase was primarily due to increases in stock-based compensation, amortization, and employee-related expenses of \$1.1 million, \$362,000, \$275,000, respectively. The remainder of the increase was due to various other expenses that, in aggregate, increased by \$100,000. We expect our research and development expense, as percentage of revenue, to remain relatively unchanged in future periods.

**Sales and Marketing.** During 2022, sales and marketing expense increased by \$2.8 million, or 4%, compared to 2021 primarily due to increases in employee-related, stock-based compensation, travel, contractor expenses, computer maintenance and support, rent, and agency expenses of \$3.6 million, \$1.0 million, \$915,000, \$879,000, \$514,000, \$437,000, and \$303,000 respectively. These increases were offset by decreases in marketing program expenses and commissions expenses of \$2.5 million and \$2.3 million, respectively. We expect that our sales and marketing expense will increase in absolute dollars along with our revenue, as we continue to expand sales coverage and build brand awareness through what we believe are cost-effective channels.

**General and Administrative.** During 2022, general and administrative expense increased by \$3.3 million, or 11%, compared to 2021 primarily due to increases in employee-related, stock-based compensation expense, contractor, computer maintenance and support, travel, and recruiting and relocation expenses of \$1.6 million, \$1.3 million, \$723,000, \$515,000, \$415,000, and \$224,000, respectively. These increases were offset by a decrease in outside accounting and legal fees of \$1.6 million. In future periods, we expect general and administrative expense, as a percentage of revenue, to remain relatively unchanged.

**Merger-Related.** During 2022, merger-related expense increased by \$447,000, or 149%, compared to 2021 primarily due to costs incurred in connection with the Wicket Acquisition in 2022.

**Other (benefit) expense.** On March 28, 2022 our CEO retired. Pursuant to a Transition Agreement that was entered into by the previous CEO and the Company in October 2021, the CEO, upon retirement, would be paid his annual base compensation through December 31, 2022 and his 2022 annual bonus, the bonus amount to be determined by the Company's 2022 performance. In accordance with generally accepted accounting principles we determined that the remaining base compensation and the current estimate of the 2022 annual bonus should be accrued and the expense recognized as of March 28, 2022. The total expense of \$1.1 million also reflects \$0.2 million of stock-based compensation expense as a result of the modification of certain awards pursuant to the Transition Agreement. Of the total annual base compensation and bonus accrued, \$0.6 million remains unpaid as of December 31, 2022 and is reflected in Accrued Expenses on the Company's Condensed Consolidated Balance Sheets.

On March 27, 2020, in response to the COVID-19 pandemic, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act, which was amended by the Consolidated Appropriations Act in December of 2020 (the "CARES Act"). The CARES Act provides numerous tax provisions and other stimulus measures, including the creation of certain employee retention credits. In the first quarter of 2021, we recognized a benefit of \$2.0 million from the CARES Act related to employee retention credits. The benefit was recorded as Other (benefit) expense.

## Overview of Results of Operations for the Years Ended December 31, 2021 and 2020

Please see our Form 10-K for the year ended December 31, 2021 for an overview of results of operations for the years ended December 31, 2021 and 2020.

## Liquidity and Capital Resources

### Cash and cash equivalents.

Our cash and cash equivalents at December 31, 2022 were held for working capital purposes and were invested primarily in money market funds. We do not enter into investments for trading or speculative purposes. At December 31, 2022 and 2021, we had \$12.1 million and \$13.8 million, respectively, of cash and cash equivalents held by subsidiaries in international locations, including subsidiaries located in Japan and the United Kingdom. As a result of changes in tax law, these earnings can be repatriated to the United States tax-free but could still be subject to foreign withholding taxes. On February 1, 2022, we acquired 100% of the outstanding shares of Wicket Labs, in exchange for 212,507 unregistered shares of our common stock valued at approximately \$2 million and approximately \$15.0 million in cash, of which approximately \$1.8 million of the cash consideration was held back to secure payment of any claims of indemnification for breaches or inaccuracies in the sellers' representations and warranties, covenants and agreements. During the year ended December 31, 2022, we paid \$0.1 million of cash consideration held back to sellers for the satisfaction of certain representations and warranties. The remaining cash consideration held back was released in full on February 8, 2023. We believe that our existing cash and cash equivalents will be sufficient to meet our anticipated working capital and capital expenditure needs over at least the next 12 months.

Condensed Consolidated Statements of Cash Flow Data	Year Ended December 31,		
	2022	2021	2020
		(in thousands)	
Cash flows provided by operating activities	25,421	19,563	21,312
Cash flows used in investing activities	(37,767)	(10,842)	(8,724)
Cash flows (used in) provided by financing activities	(83)	702	1,585

*Accounts receivable, net.*

Our accounts receivable balance fluctuates from period to period, which affects our cash flow from operating activities. The fluctuations vary depending on the timing of our billing activity, cash collections, and changes to our allowance for doubtful accounts. In many instances we receive cash payment from a customer prior to the time we are able to recognize revenue on a transaction. We record these payments as deferred revenue, which has a positive effect on our accounts receivable balances.

*Cash flows provided by operating activities.*

Cash provided by operating activities consists primarily of net income adjusted for certain non-cash items including depreciation and amortization, stock-based compensation expense, the provision for bad debts and the effect of changes in working capital and other activities. Cash provided by operating activities during the year ended December 31, 2022 was \$25.4 million. The cash flow provided by operating activities primarily resulted from net non-cash charges of \$24.4 million and changes in our operating assets and liabilities of \$10.1 million, partially offset by a net loss of \$9.0 million. Net non-cash expenses consisted of \$13.5 million for stock-based compensation, \$10.7 million for depreciation and amortization, and \$118,000 for provision for reserves on accounts receivable. Cash inflows from changes in our operating assets and liabilities consisted primarily of a decrease in accounts receivable of \$4.2 million, an increase in accrued expenses of \$2.4 million, an increase in operating leases of \$5.5 million, and an increase in accounts payable of \$120,000. These inflows were offset in part by an increase in prepaid expenses and other current assets of \$1.2 million, and an increase in other assets of \$348,000.

*Cash flows used in investing activities.*

Cash used in investing activities during the year ended December 31, 2022 was \$37.8 million, consisting primarily of \$13.8 million for the capitalization of internal-use software costs, \$10.7 million in capital expenditures to support the business, and \$13.2 million for the Wicket Acquisition. Cash flows used increased in 2022 primarily due the Wicket Acquisition and, to a lesser extent, increases in purchases of property, plant and equipment due to the build out of new headquarters and an increase in capitalization of internal-use software as we continue to develop new products and features, functionality and design for our existing offerings.

*Cash flows used in financing activities.*

Cash used in financing activities for the year ended December 31, 2022 was \$83,000, consisting of proceeds received on the exercise of common stock options of \$177,000, offset by other activity of \$260,000. The increase in cash flows used in financing activities compared to the prior period is due to a decrease in proceeds from the exercise of stock options.

*Credit facility.*

On December 28, 2020, the Company entered into an amended and restated loan and security agreement with a lender (the "Loan Agreement") providing for up to a \$30.0 million asset-based line of credit (the "Line of Credit"). Borrowings under the Line of Credit are secured by substantially all of our assets, excluding our intellectual property. We were in compliance with all covenants under the Line of Credit as of December 31, 2022. As we have not drawn on the Line of Credit, there are no amounts outstanding as of December 31, 2022. We are currently working with our lender to extend the maturity of the Line of Credit which is currently December 31, 2023.

*Net operating loss carryforwards.*

As of December 31, 2022, the Company had federal net operating losses of approximately \$164.0 million, of which \$118.3 million are available to offset future taxable income, if any, through 2037 and \$45.7 million which are available to offset future taxable income indefinitely. As of December 31, 2022, the Company had state net operating losses of approximately \$82.8 million, of which \$79.7 million are available to offset future taxable income, if any, through 2041 and \$3.1 million which are available to offset future taxable income indefinitely. The Company also had federal and state research and development tax credits of \$9.8 million and \$6.0 million, respectively, which expire in various amounts through 2041. The net operating loss and tax credit amounts are subject to annual limitations under Section 382 change of ownership rules under the U.S. Internal Revenue Code of 1986, as amended.

In assessing our ability to utilize our net deferred tax assets, we considered whether it is more likely than not that some portion or all of our net deferred tax assets will not be realized. Based upon the level of our historical U.S. losses and future projections over the period in which the net deferred tax assets are deductible, at this time, we believe it is more likely than not that we will not realize the benefits of these deductible differences. Accordingly, we have provided a valuation allowance against our U.S. deferred tax assets as of December 31, 2022 and 2021.



## Contractual Obligations and Commitments

Our principal commitments consist primarily of obligations under our leases for our office space and contractual commitments for content delivery network services, hosting and other support services. During the second quarter of 2022 we renewed agreements with our primary providers of content delivery network services, hosting and other support services. The terms of the two agreements comprised, respectively: 1) a minimum commitment of \$93.2 million over three years and 2) a minimum commitment of \$8.4 million over two years. As of December 31, 2022, we had operating lease obligations of \$24.7 million, with \$3.6 million payable within 12 months. As of December 31, 2022, we had outstanding purchase obligations of \$93.9 million, with \$40.6 payable within 12 months. Other than these lease obligations and contractual commitments, we do not have commercial commitments under lines of credit, standby repurchase obligations or other such debt arrangements. The following table summarizes these contractual obligations at December 31, 2022:

(in thousands)	Payment Due by Period		
	Total	Less than 1 Year	More than 1 Year
Operating lease obligations	\$ 24,685	\$ 3,580	\$ 21,105
Outstanding purchase obligations	93,931	40,644	53,287
Total	<u>\$ 118,616</u>	<u>\$ 44,224</u>	<u>\$ 74,392</u>

## Anticipated Cash Flows

We expect to incur significant operating costs, particularly related to services delivery costs, sales and marketing and research and development, for the foreseeable future in order to execute our business plan. We anticipate that such operating costs, as well as planned capital expenditures will constitute a material use of our cash resources. As a result, our net cash flows will depend heavily on the level of future sales, changes in deferred revenue and our ability to manage infrastructure costs.

We believe our existing cash and cash equivalents will be sufficient to meet our working capital and capital expenditures for at least the next 12 months. Our future working capital requirements will depend on many factors, including the rate of our revenue growth, our introduction of new products and enhancements, and our expansion of sales and marketing and product development activities. To the extent that our cash and cash equivalents, and cash flow from operating activities are insufficient to fund our future activities, we may need to raise additional funds through bank credit arrangements or public or private equity or debt financings. We also may need to raise additional funds in the event we determine in the future to acquire businesses, technologies and products that will complement our existing operations. In the event funding is required, we may not be able to obtain bank credit arrangements or equity or debt financing on terms acceptable to us or at all.

## Recent Accounting Pronouncements

For information on recent accounting pronouncements, see Recently Issued and Adopted Accounting Standards in the notes to the consolidated financial statements appearing elsewhere in this Annual Report on Form 10-K.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

### Quantitative and Qualitative Disclosures About Market Risk

We have operations both within the United States and internationally, and we are exposed to market risks in the ordinary course of our business. These risks include primarily foreign exchange risks, interest rate and inflation.

#### *Financial instruments*

Financial instruments meeting fair value disclosure requirements consist of cash equivalents, accounts receivable and accounts payable. The fair value of these financial instruments approximates their carrying amount.

#### *Foreign currency exchange risk*

Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the euro, British pound, Australian dollar and Japanese yen. Except for revenue transactions in Japan, we enter into transactions directly with substantially all of our foreign customers.

Percentage of revenues and expenses in foreign currency is as follows:

	Twelve Months Ended December 31,	
	2022	2021
Revenues generated in locations outside the United States	47 %	47 %
Revenues in currencies other than the United States dollar (1)	27 %	29 %
Expenses in currencies other than the United States dollar (1)	16 %	17 %

(1) Percentage of revenues and expenses denominated in foreign currency for the years ended December 31, 2022 and 2021:

	Twelve Months Ended December 31, 2022	
	Revenues	Expenses
Euro	8 %	1 %
British pound	6 %	5 %
Japanese Yen	10 %	2 %
Other	3 %	8 %
Total	27 %	16 %

	Twelve Months Ended December 31, 2021	
	Revenues	Expenses
Euro	8 %	1 %
British pound	6 %	5 %
Japanese Yen	12 %	3 %
Other	3 %	8 %
Total	29 %	17 %

As of December 31, 2022 and 2021, we had \$6.9 million and \$8.3 million, respectively, of receivables denominated in currencies other than the U.S. dollar. We also maintain cash accounts denominated in currencies other than the local currency, which exposes us to foreign exchange rate movements.

In addition, although our foreign subsidiaries have intercompany accounts that are eliminated upon consolidation, these accounts expose us to foreign currency exchange rate fluctuations. Exchange rate fluctuations on short-term intercompany accounts are recorded in our consolidated statements of operations under “other (expense) income, net”, while exchange rate fluctuations on long-term intercompany accounts are recorded as a component of other comprehensive (loss) income, as they are considered part of our net investment.

Currently, our largest foreign currency exposures are the euro and British pound primarily because our European operations have a higher proportion of our local currency denominated expenses, in addition to the Japanese Yen as result of our ongoing operations in Japan. Relative to foreign currency exposures existing at December 31, 2022, a 20% unfavorable movement in foreign currency exchange rates would expose us to significant losses in earnings or cash flows or significantly diminish the fair value of our foreign currency financial instruments. For the year ended December 31, 2022, we estimated that a 20% unfavorable movement in foreign currency exchange rates would have decreased revenues by \$11.0 million, decreased expenses by \$7.2 million and increased operating losses by \$3.8 million. The estimates used assume that all currencies move in the same direction at the same time and the ratio of non-U.S. dollar denominated revenue and expenses to U.S. dollar denominated revenue and expenses does not change from current levels. Since a portion of our revenue is deferred revenue that is recorded at different foreign currency exchange rates, the impact to revenue of a change in foreign currency exchange rates is recognized over time, and the impact to expenses is more immediate, as expenses are recognized at the current foreign currency exchange rate in effect at the time the expense is incurred. All of the potential changes noted above are based on sensitivity analyses performed on our financial results as of December 31, 2022.

#### *Interest rate risk*

We had cash and cash equivalents totaling \$31.9 million at December 31, 2022. Cash and cash equivalents were invested primarily in money market funds and are held for working capital purposes. We do not use derivative financial instruments in our investment portfolio. Declines in interest rates, however, would reduce future interest income. In the event that we borrow under our line of credit, the related interest expense recorded would be subject to changes in the rate of interest.

**Item 8. Financial Statements and Supplementary Data**

**Brightcove Inc.  
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## Report of Independent Registered Public Accounting Firm

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

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Brightcove Inc. (the Company) as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive (loss) income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2022, 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, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 23, 2023 expressed an unqualified opinion thereon.

### 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 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. 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.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### Revenue Recognition – Variable Consideration

*Description of the Matter*

As described in the footnotes of the consolidated financial statements, specifically, "Summary of Significant Accounting Policies", the Company's contracts contain transaction prices with variable amounts of consideration related to usage-based fees. The Company estimates the revenue pertaining to a customer's usage that is expected to exceed the annual entitlement allowance, after consideration of any constraints, which is recognized ratably over the service period.

Auditing the Company's measurement of variable consideration is especially challenging and subjective because estimating customers usage involves assessing a large volume of contracts and subjective management assumptions related to estimated future usage. Changes in assumptions of estimated future usage can have a material effect on the amount of revenue recognized in the period.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design, and tested the operating effectiveness of the Company's internal controls over the assessment and recording of variable consideration including the Company's evaluation of potential estimated future usage at the contract level including the impacts of

any constraints. We identified and tested controls used for the accumulation of the actual usage to date as well as the assessment of the estimated forecasted usage and related impacts of any constraints.

To test variable consideration, our audit procedures included, amongst others, testing the completeness and accuracy of the underlying data used in the Company's calculation. This included, for a sample of contracts, agreeing the entitlement allowances to the underlying contracts and agreeing the actual usage to the underlying system of record. To assess management's variable consideration assumptions, for a sample of contracts, we tested management's estimated usage over the annual entitlement allowance by comparing the entitlement and usage rates to actual customer experience, interviewed account managers to understand the actual and expected usage, and evaluated the impacts of any related constraints. We also tested the Company's historical lookback analysis on a sample basis. Lastly, we performed sensitivity analyses to evaluate how the changes in management's assumptions of future usage based on historical trends could affect revenue recognized.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2010.

Boston, Massachusetts

February 23, 2023

**Brightcove Inc.**  
**Consolidated Balance Sheets**

	December 31,	
	2022	2021
	(in thousands, except share and per share data)	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 31,894	\$ 45,739
Accounts receivable, net of allowance of \$294 and \$353 at December 31, 2022 and December 31, 2021, respectively	26,004	29,866
Prepaid expenses	8,700	7,792
Other current assets	10,722	10,833
Total current assets	77,320	94,230
Property and equipment, net	39,677	20,514
Operating lease right-of-use asset	18,671	24,891
Intangible assets, net	10,279	9,276
Goodwill	74,859	60,902
Other assets	7,007	6,655
Total assets	\$ 227,813	\$ 216,468
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 11,326	\$ 11,039
Accrued expenses	26,877	20,925
Operating lease liability	4,157	2,600
Deferred revenue	61,597	62,057
Total current liabilities	103,957	96,621
Operating lease liability, net of current portion	20,528	22,801
Other liabilities	981	786
Total liabilities	125,466	120,208
Commitments and contingencies ( <i>Note 9</i> )		
Stockholders' equity:		
Undesignated preferred stock, \$0.001 par value; 5,000,000 shares authorized; no shares issued	—	—
Common stock, \$0.001 par value; 100,000,000 shares authorized; 42,449,677 and 41,384,643 shares issued at December 31, 2022 and 2021, respectively	42	41
Additional paid-in capital	314,825	298,793
Treasury stock, at cost; 135,000 shares	(871)	(871)
Accumulated other comprehensive loss	(1,593)	(662)
Accumulated deficit	(210,056)	(201,041)
Total stockholders' equity	102,347	96,260
Total liabilities and stockholders' equity	\$ 227,813	\$ 216,468

*See accompanying notes.*

**Brightcove Inc.**  
**Consolidated Statements of Operations**

	Year Ended December 31,		
	2022	2021	2020
	(in thousands, except per share data)		
<b>Revenue:</b>			
Subscription and support revenue	\$ 204,091	\$ 198,929	\$ 187,341
Professional services and other revenue	\$ 6,917	\$ 12,164	10,012
<b>Total revenue</b>	<b>211,008</b>	<b>211,093</b>	<b>197,353</b>
<b>Cost of revenue:</b>			
Cost of subscription and support revenue	69,935	62,773	67,124
Cost of professional services and other revenue	7,138	10,255	8,973
<b>Total cost of revenue</b>	<b>77,073</b>	<b>73,028</b>	<b>76,097</b>
<b>Gross profit</b>	<b>133,935</b>	<b>138,065</b>	<b>121,256</b>
<b>Operating expenses:</b>			
Research and development	33,524	31,718	33,978
Sales and marketing	73,997	71,177	59,812
General and administrative	32,550	29,261	27,021
Merger-related	747	300	5,768
Other expense (benefit)	1,149	(1,965)	—
<b>Total operating expenses</b>	<b>141,967</b>	<b>130,491</b>	<b>126,579</b>
<b>(Loss) income from operations</b>	<b>(8,032)</b>	<b>7,574</b>	<b>(5,323)</b>
<b>Other (expense) income, net</b>			
Interest income	103	5	28
Interest expense	—	—	(205)
Other (expense) income, net	(1,138)	(1,380)	305
<b>Total other (expense) income, net</b>	<b>(1,035)</b>	<b>(1,375)</b>	<b>128</b>
<b>(Loss) income before income taxes</b>	<b>(9,067)</b>	<b>6,199</b>	<b>(5,195)</b>
<b>(Benefit) provision for income taxes</b>	<b>(52)</b>	<b>802</b>	<b>618</b>
<b>Net (loss) income</b>	<b>\$ (9,015)</b>	<b>\$ 5,397</b>	<b>\$ (5,813)</b>
<b>Net (loss) income per share</b>			
Basic	\$ (0.22)	\$ 0.13	\$ (0.15)
Diluted	\$ (0.22)	\$ 0.13	\$ (0.15)
<b>Weighted-average number of common shares used in computing net (loss) income per share</b>			
Basic	41,831	40,717	39,473
Diluted	41,831	42,200	39,473

*See accompanying notes.*

**Brightcove Inc.**  
**Consolidated Statements of Comprehensive (Loss) Income**

	<u>Year Ended December 31,</u>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
	(in thousands)		
Net (loss) income	\$ (9,015)	\$ 5,397	\$ (5,813)
Other comprehensive (loss) income:			
Foreign currency translation adjustments	(931)	(474)	597
Comprehensive (loss) income	<u>\$ (9,946)</u>	<u>\$ 4,923</u>	<u>\$ (5,216)</u>

*See accompanying notes.*



**Brightcove Inc.**  
**Consolidated Statements of Stockholders' Equity**  
(in thousands, except share data)

	Year Ended December 31,		
	2022	2021	2020
(in thousands, except share data)			
<b>Shares of common stock issued</b>			
Balance, beginning of period	41,384,643	40,152,021	39,042,787
Common stock issued upon acquisition	212,507	—	—
Issuance of common stock upon exercise of stock options and pursuant to restricted stock units	852,527	1,232,622	1,109,234
Balance, end of period	42,449,677	41,384,643	40,152,021
<b>Shares of treasury stock</b>			
Balance, beginning of period	(135,000)	(135,000)	(135,000)
Balance, end of period	(135,000)	(135,000)	(135,000)
<b>Par value of common stock issued</b>			
Balance, beginning of period	\$ 41	\$ 40	\$ 39
Common stock issued upon acquisition	—	—	—
Issuance of common stock upon exercise of stock options and pursuant to restricted stock units	1	1	1
Balance, end of period	\$ 42	\$ 41	\$ 40
<b>Value of treasury stock</b>			
Balance, beginning of period	\$ (871)	\$ (871)	\$ (871)
Balance, end of period	\$ (871)	\$ (871)	\$ (871)
<b>Additional paid-in capital</b>			
Balance, beginning of period	\$ 298,793	\$ 287,059	\$ 276,365
Common stock issued upon acquisition	1,987	—	—
Issuance of common stock upon exercise of stock options and pursuant to restricted stock units, net of tax	(84)	1,175	1,617
Stock-based compensation expense	14,129	10,559	9,077
Balance, end of period	\$ 314,825	\$ 298,793	\$ 287,059
<b>Accumulated deficit</b>			
Balance, beginning of period	\$ (201,041)	\$ (206,438)	\$ (200,625)
Net (loss) income	(9,015)	5,397	(5,813)
Balance, end of period	\$ (210,056)	\$ (201,041)	\$ (206,438)
<b>Accumulated other comprehensive loss</b>			
Balance, beginning of period	\$ (662)	\$ (188)	\$ (785)
Foreign currency translation adjustment	(931)	(474)	597
Balance, end of period	\$ (1,593)	\$ (662)	\$ (188)
<b>Total stockholders' equity</b>	<b>\$ 102,347</b>	<b>\$ 96,260</b>	<b>\$ 79,602</b>

*See accompanying notes.*

**Brightcove Inc.**  
**Consolidated Statements of Cash Flows**

	Year Ended December 31,		
	2022	2021	2020
	(in thousands)		
<b>Operating activities</b>			
Net (loss) income	\$ (9,015)	\$ 5,397	\$ (5,813)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	10,696	8,322	8,695
Stock-based compensation	13,548	9,968	8,785
Provision for reserves on accounts receivable	118	159	648
Changes in assets and liabilities:			
Accounts receivable	4,227	(846)	1,358
Prepaid expenses and other current assets	(1,216)	1,281	(6,918)
Other assets	(348)	(1,437)	(1,937)
Accounts payable	120	(683)	1,014
Accrued expenses	2,397	(5,209)	5,600
Operating leases	5,503	(634)	182
Deferred revenue	(609)	3,245	9,698
Net cash provided by operating activities	<u>25,421</u>	<u>19,563</u>	<u>21,312</u>
<b>Investing activities</b>			
Cash paid for acquisition, net of cash acquired	(13,215)	(2,000)	—
Purchases of property and equipment	(10,727)	(2,205)	(2,362)
Capitalized internal-use software costs	(13,825)	(6,637)	(6,362)
Net cash used in investing activities	<u>(37,767)</u>	<u>(10,842)</u>	<u>(8,724)</u>
<b>Financing activities</b>			
Proceeds from exercise of stock options	177	2,846	2,216
Deferred acquisitions payments	—	(475)	—
Proceeds from debt	—	—	10,000
Payments on debt	—	—	(10,000)
Other financing activities	(260)	(1,669)	(631)
Net cash (used in) provided by financing activities	<u>(83)</u>	<u>702</u>	<u>1,585</u>
Effect of exchange rate changes on cash and cash equivalents	(1,416)	(1,156)	540
Net (decrease) increase in cash and cash equivalents	<u>(13,845)</u>	<u>8,267</u>	<u>14,713</u>
Cash and cash equivalents at beginning of period	45,739	37,472	22,759
Cash and cash equivalents at end of period	<u>\$ 31,894</u>	<u>\$ 45,739</u>	<u>\$ 37,472</u>
<b>Supplemental disclosure of cash flow information</b>			
Cash paid for operating lease liabilities	\$ 1,842	\$ 4,277	\$ 6,326
Cash paid for income taxes	\$ 671	\$ 737	\$ 1,190
Cash paid for interest	\$ —	\$ —	\$ 205
<b>Supplemental disclosure of non-cash operating activities</b>			
Capitalization of stock-based compensation related to internal use software	\$ 580	\$ 593	\$ 267
<b>Supplemental disclosure of non-cash investing and financing activities</b>			
Unpaid internal-use software costs	\$ 1,213	\$ 446	\$ 49
Fair value of shares issued for acquisition of a business	\$ 1,987	\$ —	\$ —
Unpaid purchases of property and equipment	<u>\$ 267</u>	<u>\$ 25</u>	<u>\$ 160</u>

*See accompanying notes.*

**Brightcove Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2022, 2021 and 2020**  
**(in thousands, except share and per share data, unless otherwise noted)**

**1. Business Description**

Brightcove Inc. (the Company) is a global provider of cloud services for video which enable its customers to publish and distribute video to Internet-connected devices quickly, easily and in a cost-effective and high-quality manner.

The Company is headquartered in Boston, Massachusetts and was incorporated in the state of Delaware on August 24, 2004.

**2. Summary of Significant Accounting Policies**

The accompanying consolidated financial statements reflect the application of certain significant accounting policies as described below and elsewhere in these notes to the consolidated financial statements.

The Company believes that a significant accounting policy is one that is both important to the portrayal of the Company's financial condition and results, and requires management's most difficult, subjective, or complex judgments, often as the result of the need to make estimates about the effect of matters that are inherently uncertain.

**Basis of Presentation**

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). Any reference in these notes to applicable guidance is meant to refer to the authoritative United States generally accepted accounting principles as found in the Accounting Standards Codification (ASC) and Accounting Standards Update (ASU) of the Financial Accounting Standards Board (FASB).

**Use of Estimates and Uncertainties**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts expensed during the reporting period.

Significant estimates relied upon in preparing these consolidated financial statements include revenue recognition and variable consideration, contingent liabilities, intangible asset valuations, and the realizability of the Company's deferred tax assets.

Although the Company regularly assesses these estimates, actual results could differ materially from these estimates. Changes in estimates are recorded in the period in which they become known. The Company bases its estimates on historical experience and various other assumptions that it believes to be reasonable under the circumstances. Actual results may differ from management's estimates if these results differ from historical experience, or other assumptions do not turn out to be substantially accurate, even if such assumptions are reasonable when made.

The Company is subject to a number of risks and uncertainties common to companies in similar industries and stages of development including, but not limited to, rapid technological changes, competition from substitute products and services from larger companies, customers switching to in-house solutions, customer concentration, management of international activities, protection of proprietary rights, patent litigation, and dependence on key individuals.

**Principles of Consolidation**

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

**Foreign Currency Translation**

The reporting currency of the Company is the U.S. dollar. The functional currency of the Company's foreign subsidiaries is the local currency of each subsidiary. All assets and liabilities in the balance sheets of entities whose functional currency is a

currency other than the U.S. dollar are translated into U.S. dollar equivalents at exchange rates as follows: (1) asset and liability accounts at period-end rates, (2) income statement accounts at weighted-average exchange rates for the period, and (3) stockholders' equity accounts at historical exchange rates. The resulting translation adjustments are excluded from income (loss) and reflected as a separate component of stockholders' equity. Foreign currency transaction gains and losses are included in net loss for the period. The Company may periodically have certain intercompany foreign currency transactions that are deemed to be of a long-term investment nature; exchange adjustments related to those transactions are made directly to other comprehensive loss, a separate component of stockholders' equity.

### Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents. Management determines the appropriate classification of investments at the time of purchase, and re-evaluates such determination at each balance sheet date. The Company did not have any short-term or long-term investments at December 31, 2022 or 2021. Cash and cash equivalents primarily consist of cash on deposit with banks and amounts held in interest-bearing money market accounts. Cash equivalents are carried at cost, which approximates their fair market value.

### Property and Equipment

Property and equipment are recorded at cost and depreciated over their estimated useful lives using the straight-line method. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the related asset. Upon retirement or sale, the cost of assets disposed of, and the related accumulated depreciation, are removed from the accounts, and any resulting gain or loss is included in the determination of net income or loss in the period of retirement. Expenditures for maintenance and repairs are charged to expense as incurred, whereas major improvements are capitalized as additions to property and equipment.

The Company estimates the useful life of property and equipment as follows:

	Estimated Useful Life (in Years)
Computer equipment	3
Software	3 - 6
Furniture and fixtures	5
Leasehold improvements	Shorter of lease term or the estimated useful life

### Fair Value of Financial Instruments

ASC 820, *Fair Value Measurements and Disclosures*, establishes a three-level valuation hierarchy for instruments measured at fair value that distinguishes between assumptions based on market data (observable inputs) and the Company's own assumptions (unobservable inputs). Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the inputs that market participants would use in pricing the asset or liability, and are developed based on the best information available in the circumstances.

ASC 820 identifies fair value as an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants based on the highest and best use of the asset or liability. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. The Company uses valuation techniques to measure fair value that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized as follows:

- *Level 1:* Observable inputs, such as quoted prices for identical assets or liabilities in active markets;
- *Level 2:* Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly, such as quoted prices for similar assets or liabilities, or market-corroborated inputs; and
- *Level 3:* Unobservable inputs for which there is little or no market data which require the reporting entity to develop its own assumptions about how market participants would price the assets or liabilities.

The valuation techniques that may be used to measure fair value are as follows:

A. *Market approach* — Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

B. *Income approach* — Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about those future amounts, including present value techniques, option-pricing models, and excess earnings method.

C. *Cost approach* — Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

The Company measures eligible assets and liabilities at fair value, with changes in value recognized in earnings. Fair value treatment may be elected either upon initial recognition of an eligible asset or liability or, for an existing asset or liability, if an event triggers a new basis of accounting. The Company did not elect to remeasure any of its existing financial assets or liabilities, and did not elect the fair value option for any financial assets and liabilities transacted in the years ended December 31, 2022 or 2021. Realized gains and losses from sales of the Company's investments are included in "Other (expense) income, net".

The carrying amounts of the Company's financial instruments, which include cash, cash equivalents, accounts receivable, accounts payable, and accrued expenses, approximated their fair values at December 31, 2022 and 2021, due to the short-term nature of these instruments.

The Company has evaluated the estimated fair value of financial instruments using available market information and management's estimates. The use of different market assumptions and/or estimation methodologies could have a significant impact on the estimated fair value amounts.

The Company's financial instruments carried at fair value were less than \$100 as of December 31, 2022 and 2021.

## Revenue

ASC 606 outlines a comprehensive five-step revenue recognition model based on the principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

- 1) *Identify the contract with a customer*
- 2) *Identify the performance obligations in the contract*
- 3) *Determine the transaction price*
- 4) *Allocate the transaction price to performance obligations in the contract*
- 5) *Recognize revenue when or as the Company satisfies a performance obligation*

The Company satisfies performance obligations as discussed in further detail below. Revenue is recognized at the time the related performance obligation is satisfied by transferring a promised service to a customer. The transaction price is the total amount of consideration to which the Company expects to be entitled in exchange for transferring the promised services to the customer. The Company has elected to exclude from the measurement of the transaction price all taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and collected by the Company from a customer (e.g. sales and use tax).

## Disaggregation of Revenue

### *Subscription and Support*

The Company's subscription arrangements provide customers the right to access its hosted software applications. Customers do not have the right to take possession of the Company's software during the hosting arrangement. Contracts for premium customers generally have a term of one year and are non-cancellable. These contracts generally provide the customer with a maximum annual level of entitlement, and provide the rate at which the customer pays for actual usage above the annual entitlement allowance. These subscription arrangements are considered stand ready obligations that are providing a series of distinct services that are substantially the same and are transferred with the same pattern to the customer. As such, these

subscription arrangements are treated as a single performance obligation and the related fees are recognized as revenue ratably over the term of the underlying arrangement.

When the transaction price includes a variable amount of consideration, an entity is required to estimate the consideration that is expected to be received for a particular customer arrangement. The Company evaluates variable consideration for usage-based fees at contract inception and re-evaluates quarterly over the course of the contract. Specifically, the Company estimates the revenue pertaining to a customer's usage that is expected to exceed the annual entitlement allowance and allocates such revenue to the distinct service within the related contract that gives rise to the variable payment. Estimates of variable consideration include analyzing customer usage against the applicable entitlement limit at the end of each reporting period and estimating the amount and timing of additional amounts to be invoiced in connection with projected usage. Estimates of variable consideration relating to customer usage do not include amounts for which it is probable that a significant reversal will occur. Determining the amount of variable consideration to recognize as revenue involves significant judgment on the part of management and it is possible that actual revenue will deviate from estimates over the course of a customer's committed contract term.

Contracts with customers that are month-to-month arrangements (volume customers) have a maximum monthly level of usage and provide the rate at which the customer must pay for actual usage above the monthly allowable usage. The monthly volume subscription and support and usage fees are recognized as revenue during the related period of performance. Contracts with customers that are invoiced on a pay-as-you-go basis, where there is no monthly or annual commitment for usage, provide the rate at which the customer must pay for actual usage for a particular period. Fees that are invoiced on a pay-as-you-go basis are recognized as revenue during the period of performance.

#### *Professional Services and Other Revenue*

Professional services and other revenue consist of services such as implementation, software customizations and project management for customers who subscribe to our premium editions. These arrangements are priced either on a fixed fee basis with a portion due upon contract signing and the remainder due when the related services have been completed, or on a time and materials basis. Professional services and other revenue sold on a stand-alone basis are recognized as the services are performed, subject to any refund or other obligation.

#### *Contracts with Multiple Performance Obligations*

The Company periodically enters into multiple-element service arrangements that include platform subscription fees, support fees, and, in certain cases, other professional services. These contracts include multiple promises that the Company evaluates to determine if the promises are separate performance obligations. Performance obligations are identified based on services to be transferred to a customer that are both capable of being distinct and are distinct within the context of the contract. Once the Company determines the performance obligations, the Company determines the transaction price, which includes estimating the amount of variable consideration to be included in the transaction price, if any. The Company then allocates the transaction price to each performance obligation in the contract based on a relative stand-alone selling price method. The transaction price post allocation is recognized as revenue as the related performance obligation is satisfied.

#### *Costs to Obtain a Contract*

Commissions are paid to internal sales representatives as compensation for obtaining contracts. Under the new guidance, the Company capitalizes commissions that are incremental, as a result of costs incurred to obtain a customer contract, if those costs are not within the scope of another topic within the accounting literature and meet the specified criteria. Assets recognized for costs to obtain a contract are amortized over the period of performance for the underlying customer contracts. The commission expense on contracts with new customers is recorded over the average life of a customer given the commission amount associated with sales to new customers is not commensurate with the commission amount associated with the contract renewal for those same customers. The commission amount associated with the renewal of a contract in addition to any commission amount related to incremental sales are recorded as expense over the term of the renewed contract. These assets are periodically assessed for impairment.

#### **Cost of Revenue**

Cost of revenue primarily consists of costs related to supporting and hosting the Company's product offerings and delivering professional services. These costs include salaries, benefits, incentive compensation and stock-based compensation expense related to the management of the Company's data centers, customer support team and the Company's professional

services staff, in addition to third-party service provider costs such as data center and networking expenses, allocated overhead, amortization of capitalized internal-use software development costs and intangible assets and depreciation expense.

### Allowance for Doubtful Accounts

The Company offsets gross trade accounts receivable with an allowance for doubtful accounts. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable and is based upon historical loss patterns, the number of days that billings are past due, and an evaluation of the potential risk of loss associated with specific accounts. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Provisions for allowances for doubtful accounts are recorded in general and administrative expense.

Effective January 1, 2020, the Company adopted ASC 326, which requires measurement and recognition of expected credit losses for financial assets held. Estimating credit losses based on risk characteristics requires significant judgment by the Company. Significant judgments include, but are not limited to: assessing current economic conditions and the extent to which they would be relevant to the existing characteristics of the Company's financial assets, the estimated life of financial assets, and the level of reliance on historical experience in light of economic conditions. The Company reviews and updates, when necessary, its historical risk characteristics that are meaningful to estimating credit losses, any new risk characteristics that arise in the natural course of business, and the estimated life of its financial assets.

The Company uses the aging method to estimate its expected credit losses on trade accounts receivable ("AR") and unbilled trade accounts receivable ("UAR"). As of December 31, 2022, the financial assets of the Company within the scope of the assessment comprised AR and UAR. UAR is reflected in Other current assets on the Company's Consolidated Balance Sheets and was \$1.8 million and \$2.4 million as of December 31, 2022 and December 31, 2021, respectively. Estimated credit losses for UAR were not material.

The information obtained from assessing historical experience, current economic conditions and reasonable and supportable forecasts were used to identify risk characteristics that can affect future credit loss experience. The historical analysis yielded one material risk factor, the geographical location of the customer. Specifically, historical experience showed that AR that was due from customers in the Asia Pacific region had experienced more credit losses than the other geographic areas listed in Note 15. Europe and Japan had significantly less credit loss experience when compared to Asia Pacific while North America's credit loss experience was commensurate with the proportion of total AR that North America's AR comprised. There were no other significant risk characteristics identified in the review of historical experience.

Below is a summary of the changes in the Company's allowance for doubtful accounts for the years ended December 31, 2022, 2021 and 2020:

	Balance at Beginning of Period	Provision	Write-offs	Balance at End of Period
Year ended December 31, 2022	\$ 353	\$ 118	\$ (177)	\$ 294
Year ended December 31, 2021	648	159	(454)	353
Year ended December 31, 2020	904	648	(904)	648

### Off-Balance Sheet Risk and Concentration of Credit Risk

The Company has no significant off-balance sheet risk, such as foreign exchange contracts, option contracts, or other foreign hedging arrangements. Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash, cash equivalents and trade accounts receivable. The Company maintains its cash and cash equivalents principally with accredited financial institutions of high credit standing. Although the Company deposits its cash with multiple financial institutions, its deposits, at times, may exceed federally insured limits. The Company generally has not experienced any material losses related to receivables from individual customers, or groups of customers. The Company does not require collateral. Due to these factors, no additional credit risk beyond amounts provided for collection losses is believed by management to be probable in the Company's accounts receivable.

For the years ended December 31, 2022, 2021 and 2020, no individual customer accounted for more than 10% of total revenue. As of December 31, 2022 and 2021, no individual customer accounted for more than 10% of accounts receivable, net.

### Concentration of Other Risks

The Company is dependent on certain content delivery network providers who provide digital media delivery functionality enabling the Company's on-demand application service to function as intended for the Company's customers and ultimate end-users. The disruption of these services could have a material adverse effect on the Company's business, financial position, and results of operations.

### **Software Development Costs**

Costs incurred to develop software applications used in the Company's on-demand application services consist of (a) certain external direct costs of materials and services incurred in developing or obtaining internal-use computer software, and (b) payroll and payroll-related costs for employees who are directly associated with, and who devote time to, the project. These costs generally consist of internal labor during configuration, coding, and testing activities. Research and development costs incurred during the preliminary project stage or costs incurred for data conversion activities, training, maintenance and general and administrative or overhead costs are expensed as incurred. Capitalization begins when the preliminary project stage is complete, management, with the relevant authority, authorizes and commits to the funding of the software project, it is probable the project will be completed, the software will be used to perform the functions intended and certain functional and quality standards have been met. Qualified costs incurred during the operating stage of the Company's software applications relating to upgrades and enhancements are capitalized to the extent it is probable that they will result in added functionality, while costs that cannot be separated between maintenance of, and minor upgrades and enhancements to, internal-use software are expensed as incurred. These capitalized costs are amortized on a straight-line basis over the expected useful life of the software, which is estimated to be three years. Capitalized internal-use software development costs are classified as "Software" within "Property and Equipment, net" in the accompanying consolidated balance sheets.

During the years ended December 31, 2022, 2021 and 2020, the Company capitalized \$15.5 million, \$7.7 million, and \$6.7 million, respectively, of internal-use software development costs. The Company recorded amortization expense associated with its capitalized internal-use software development costs of \$5.2 million, \$3.6 million and \$4.0 million for the years ended December 31, 2022, 2021 and 2020, respectively.

### **Leases**

Under ASC 842, a right-of-use asset and lease liability is recorded for all leases and the statement of operations reflects the lease expense for operating leases and amortization/interest expense for financing leases. The Company does not apply the recognition requirements in the standard to a lease that at commencement date has a lease term of twelve months or less and does not contain a purchase option that it is reasonably certain to exercise and to not separate lease and related non-lease components.

The Company leases its facilities under non-cancelable operating leases. Right-of-use assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. Many of the Company's lessee agreements include options to extend the lease, which are not included in the minimum lease terms unless they are reasonably certain to be exercised.

### **Long-Lived Assets**

The Company reviews long-lived assets and certain identifiable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. During this review, the Company re-evaluates the significant assumptions used in determining the original cost and estimated lives of long-lived assets. Although the assumptions may vary from asset to asset, they generally include operating results, changes in the use of the asset, cash flows, and other indicators of value. Management then determines whether the remaining useful life continues to be appropriate, or whether there has been an impairment of long-lived assets based primarily upon whether expected future undiscounted cash flows are sufficient to support the assets' recovery. If impairment exists, the Company adjusts the carrying value of the asset to fair value, generally determined by a discounted cash flow analysis.

For the years ended December 31, 2022, 2021 and 2020, the Company has not identified any impairment of its long-lived assets.

### **Business Combinations**

The Company records tangible and intangible assets acquired and liabilities assumed in business combinations under the purchase method of accounting. Amounts paid for each acquisition are allocated to the assets acquired and liabilities assumed



based on their fair values at the date of acquisition. The Company then allocates the purchase price in excess of net tangible assets acquired to identifiable intangible assets based on detailed valuations that use information and assumptions provided by management. Any excess purchase price over the fair value of the net tangible and intangible assets acquired and liabilities assumed is allocated to goodwill. If the fair value of the assets acquired exceeds the purchase price, the excess is recognized as a gain.

Significant management judgments and assumptions are required in determining the fair value of acquired assets and liabilities, particularly acquired intangible assets. The valuation of purchased intangible assets is based upon estimates of the future performance and cash flows from the acquired business. Each asset is measured at fair value from the perspective of a market participant.

If different assumptions are used, it could materially impact the purchase price allocation and adversely affect our results of operations, financial condition and cash flows.

For further discussion of the Company's accounting policies related to business combinations, see Note 3.

### **Intangible Assets and Goodwill**

Intangible assets that have finite lives are amortized over their estimated useful lives based on the pattern of consumption of the economic benefit or, if that pattern cannot be readily determined, on a straight-line basis and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, as discussed above.

Goodwill is not amortized, but is evaluated for impairment annually, or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Conditions that could trigger a more frequent impairment assessment include, but are not limited to, a significant adverse change in certain agreements, significant underperformance relative to historical or projected future operating results, an economic downturn in customers' industries, increased competition, a significant reduction in our stock price for a sustained period or a reduction of our market capitalization relative to net book value. If there is an impairment, the amount of the impairment is on the excess of a reporting unit's carrying amount over its fair value.

The Company has determined, based on its organizational structure, that it had one reporting unit as of December 31, 2022 and 2021. The Company evaluates impairment by comparing the estimated fair value of its reporting unit to its carrying value. The Company estimates fair value primarily utilizing the market approach and no impairments of goodwill have been identified.

### **Comprehensive (Loss) Income**

Comprehensive (loss) income is defined as the change in equity of a business enterprise during a period from transactions, other events, and circumstances from non-owner sources. Accumulated other comprehensive loss is presented separately on the consolidated balance sheets and consists entirely of cumulative foreign translation adjustments as of December 31, 2022 and 2021.

### **Net (Loss) Income per Share**

The Company calculates basic and diluted (loss) earnings per common share by dividing the (loss) earnings amount by the number of common shares outstanding during the period. The calculation of diluted earnings per common share includes the

effects of the assumed exercise of any outstanding stock options and the assumed vesting of shares of restricted stock awards, where dilutive.

The following table set forth the computations of basic and diluted (loss) earnings per share:

(in thousands, except per share data)	Year Ended December 31,		
	2022	2021	2020
Net (loss) income	\$ (9,015)	\$ 5,397	\$ (5,813)
Weighted average shares used in computing basic earnings per share	41,831	40,717	39,473
Effect of weighted average dilutive stock-based awards	-	1,483	-
Weighted average shares used in computing diluted earnings per share	41,831	42,200	39,473
Net (loss) income per share—basic and diluted			
Basic	\$ (0.22)	\$ 0.13	\$ (0.15)
Diluted	\$ (0.22)	\$ 0.13	\$ (0.15)

The following outstanding common shares have been excluded from the computation of dilutive (loss) earnings per share as of the periods indicated because such securities are anti-dilutive:

	Year Ended December 31,		
	2022	2021	2020
Options outstanding	1,420	1,681	2,110
Restricted stock units outstanding	5,212	3,937	3,588
Total options and restricted stock units outstanding	6,632	5,618	5,698

### Income Taxes

The Company accounts for income taxes in accordance with the asset and liability method. Under this method, deferred tax assets and liabilities are recognized based on temporary differences between the financial reporting and income tax bases of assets and liabilities using statutory rates. In addition, this method requires a valuation allowance against net deferred tax assets if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

The Company accounts for uncertain tax positions recognized in the consolidated financial statements by prescribing a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Interest and penalties, if applicable, related to uncertain tax positions would be recognized as a component of income tax expense. The Company has no recorded liabilities for uncertain tax positions as of December 31, 2022 or 2021.

### Stock-Based Compensation

At December 31, 2022, the Company had seven stock-based compensation plans, which are more fully described in Note 11.

The Company values its shares of common stock in connection with the issuance of stock-based equity awards using the closing price of the Company's shares of common stock on the NASDAQ Global Market on the date of the grant. Accounting guidance requires stock-based payments to be accounted for under the fair value method. Under this method, the Company is required to record compensation cost based on the estimated fair value for stock-based awards granted over the requisite service periods for the individual awards, which generally equals the vesting periods.

For stock options issued under the Company's stock-based compensation plans, the fair value of each option grant is estimated on the date of grant. For service-based options, the Company recognizes compensation expense on a straight-line basis over the requisite service period of the award.

The fair value of each option grant issued under the Company's stock-based compensation plans was estimated using the Black-Scholes option-pricing model. The expected volatility of options granted has been determined using the historical volatility of the Company's own common stock. The expected life of options has been determined utilizing the "simplified method". The

simplified method is based on the average of the vesting tranches and the contractual life of each grant. The risk-free interest rate is based on a treasury instrument whose term is consistent with the expected life of the stock options. The Company has not paid, and does not anticipate paying, cash dividends on its common stock; therefore, the expected dividend yield is assumed to be zero.

For restricted stock units issued under the Company's stock-based compensation plans, the fair value of each grant is calculated based on the Company's stock price on the date of grant. For performance-based awards with service-based vesting conditions, the Company recognizes compensation expense based upon a review of the Company's expected achievement against the specified targets. For performance-based awards with market-based vesting, the Company recognizes compensation expense as the requisite service is rendered by the employee, regardless of when, if ever, the market-based performance conditions are satisfied. The Monte-Carlo simulation model is used to estimate fair value of market-based performance restricted stock units. The Monte-Carlo simulation model calculates multiple potential outcomes for an award and establishes a fair value based on the most likely outcome. Key assumptions for the Monte-Carlo simulation model include the risk-free rate, expected volatility, expected dividends and the correlation coefficient.

Forfeitures are recognized as they occur.

### **Advertising Costs**

Advertising costs are charged to operations as incurred. The Company incurred advertising costs of \$4.8 million, \$6.0 million and \$2.6 million for the years ended December 31, 2022, 2021 and 2020, respectively.

### **Merger-related Costs**

Merger-related costs consist of expenses related to mergers and acquisitions, integration costs and general corporate development activities. In 2022, merger-related costs incurred were primarily related to the acquisition of Wicket Labs and, to a lesser extent, general merger and related activities. In 2021, merger-related costs incurred were primarily related to general merger and related activities. In 2020, merger-related costs incurred were primarily related to the transition of Ooyala, Inc. customers to the Company's technology, as a result of the Company's acquisition of online video player related assets from Ooyala, Inc. in 2019.

### **Recent Accounting Pronouncements and Standards**

#### ***Recently Adopted Accounting Pronouncements***

##### ***ASU No. 2021-10***

In November 2021, the FASB issued ASU No. 2021-10, which improves the transparency of government assistance received by requiring the disclosure of: (1) the types of government assistance received; (2) the accounting for such assistance; and (3) the effect of the assistance on an entity's financial statements. Effective January 1, 2022, the Company adopted ASU 2021-10 on a prospective basis. The impact of adoption of this standard on the Company's consolidated financial statements was not material. Please see Other Expense (Benefit) section of these Notes to Condensed Consolidated Financial Statements for government assistance received by the Company in 2021.

##### ***ASU No. 2021-08***

In October 2021, the FASB issued ASU No. 2021-08, under which an acquirer must recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with ASU 2014-09, Revenue from Contracts with Customers (Topic 606). Effective January 1, 2022, the Company early adopted ASU 2021-08 on a prospective basis. The impact of adoption of this standard on the Company's consolidated financial statements was not material.

### **3. Business Combinations**

On February 1, 2022, the Company acquired 100% of the outstanding shares of Wicket Labs, Inc. ("Wicket Labs") a provider of subscriber and content insights, in exchange for common stock of the Company and cash, ("Wicket Acquisition"). At the closing, the Company issued 212,507 unregistered shares of common stock of the Company valued at approximately \$2.0 million and approximately \$15.0 million in cash, of which approximately \$1.8 million of the cash consideration was held back to secure payment of any claims of indemnification for breaches or inaccuracies in the sellers' representations and warranties, covenants and agreements. During the year ended December 31, 2022, the Company paid \$100 of cash consideration held back to the sellers for the satisfaction of certain representations and warranties. The remaining cash consideration held back was included in Accrued Expenses at December 31, 2022 and released in full on February 8, 2023.

The Wicket Acquisition was accounted for using the purchase method of accounting in accordance with Accounting Standards Codification 805 — Business Combinations. Accordingly, the results of operations of the acquired company have been included in the accompanying condensed consolidated financial statements since the date of acquisition. The purchase price has been allocated to the tangible and intangible assets acquired and liabilities assumed based upon the respective estimates of fair value as of the date of the Wicket Acquisition, and using assumptions that the Company's management believes are reasonable given the information currently available. The Company completed its valuation of its intangible assets, accounts receivable, deferred revenue and the valuation of the acquired deferred tax assets and liabilities during the year ended December 31, 2022. The final allocations of the purchase price to intangible assets, accounts receivable, deferred revenue, goodwill and any deferred tax assets and liabilities are included in these consolidated financial statements.

During the year ended December 31, 2022, the Company incurred \$747 of merger-related costs related to the Wicket Acquisition.

The excess of the purchase price over the estimated amounts of net assets as of the effective date of the acquisition was allocated to goodwill in accordance with the accounting guidance. The factors contributing to the recognition of the amount of goodwill are based on several strategic and synergistic benefits that are expected to be realized from the Wicket Acquisition. These benefits include the acquired workforce and opportunities to expand the Company's offerings in target market segments that use subscriber and content insights to make decisions. The goodwill is non-deductible for tax purposes.

The total purchase price for the Wicket Acquisition has been allocated as follows:

Cash	\$	53
Accounts receivable and other assets		782
Identifiable intangible assets		4,382
Goodwill		13,957
Deferred revenue		(1,033)
Deferred tax liabilities		(1,009)
Other liabilities		(95)
Total estimated purchase price	\$	<u>17,037</u>

The following are the identifiable intangible assets acquired and their respective useful lives, as determined based on valuations:

	Amount	Useful Life (in years)
Developed technology	\$ 4,200	6
Customer relationships	182	5
Total	<u>\$ 4,382</u>	

The fair value of the intangible assets has been estimated using the income approach in which the after-tax cash flows are discounted to present value. The cash flows are based on estimates used to price the transaction, and the discount rates applied were benchmarked with reference to the implied rate of return from the transaction model as well as the weighted average cost of capital.

Pro forma results of operations for the Wicket Acquisition have not been presented because the effect of the acquisition is not material to the Company's consolidated financial results. Revenue and earnings attributable to acquired operations since the date of the acquisition are included in the Company's consolidated statements of operations.

#### 4. Cash and Cash Equivalents

Cash and cash equivalents as of December 31, 2022 and 2021 consist of the following:

Description	Contracted Maturity	December 31, 2022	
		Amortized Cost	Fair Market Value
Cash	Demand	\$ 31,852	\$ 31,852
Money market funds	Demand	42	42
Total cash and cash equivalents		<u>\$ 31,894</u>	<u>\$ 31,894</u>

Description	Contracted Maturity	December 31, 2021	
		Amortized Cost	Fair Market Value
Cash	Demand	\$ 45,698	\$ 45,698
Money market funds	Demand	41	41
Total cash and cash equivalents		\$ 45,739	\$ 45,739

## 5. Property and Equipment

Property and equipment consist of the following:

	December 31,	
	2022	2021
Computer equipment	\$ 15,516	\$ 13,827
Software	60,534	43,598
Furniture and fixtures	4,775	3,163
Leasehold improvements	8,839	2,710
	89,664	63,298
Less accumulated depreciation and amortization	49,987	42,784
	\$ 39,677	\$ 20,514

Depreciation and amortization expense, which includes amortization expense associated with capitalized internal-use software development costs, for the years ended December 31, 2022, 2021 and 2020 was \$7.3 million, \$5.3 million and \$5.3 million, respectively.

## 6. Revenue from Contracts with Customers

The Company primarily derives revenue from the sale of its online video platform, which enables its customers to publish and distribute video to Internet-connected devices quickly, easily and in a cost-effective and high-quality manner. Revenue is derived from three primary sources: (1) the subscription to its technology and related support; (2) hosting, bandwidth and encoding services; and (3) professional services, which include initiation, set-up and customization services.

The following summarizes the opening and closing balances of receivables, contract assets and contract liabilities from contracts with customers.

	Accounts Receivable, net	Contract Assets (current)	Deferred Revenue (current)	Deferred Revenue (non-current)	Total Deferred Revenue
Balance at December 31, 2022	26,004	1,786	61,597	360	61,957
Balance at December 31, 2021	29,866	2,375	62,057	114	62,171
Balance at December 31, 2020	29,305	2,078	58,741	811	59,552
Balance at December 31, 2019	31,181	1,871	49,260	299	49,559

Revenue recognized during the year ended December 31, 2022 from amounts included in deferred revenue at the beginning of the period was approximately \$60.7 million. During the year ended December 31, 2022, the Company did not recognize any material revenue from performance obligations satisfied or partially satisfied in previous periods.

The assets recognized for costs to obtain a contract were \$12.4 million and \$12.2 million as of December 31, 2022 and December 31, 2021, respectively. Amortization expense recognized for costs to obtain a contract was \$10.4 million, \$12.7 million and \$8.3 million during the years ended December 31, 2022, 2021 and 2020, respectively.

### Transaction Price Allocated to Future Performance Obligations

As of December 31, 2022, the total aggregate transaction price allocated to the unsatisfied performance obligations for subscription and support contracts was approximately \$153.3 million, of which approximately \$120.1 million is expected to be recognized over the next 12 months. The Company expects to recognize substantially all of the remaining unsatisfied performance obligations by December 2025.

### 7. Intangible Assets and Goodwill

Finite-lived intangible assets consist of the following as of December 31, 2022:

Description	Weighted Average Estimated Useful Life (in years)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Developed technology	6	\$ 22,278	\$ 17,393	\$ 4,885
Customer relationships	9	15,669	10,275	5,394
Non-compete agreements	3	1,912	1,912	—
Tradename	3	368	368	—
Total		<u>\$ 40,227</u>	<u>\$ 29,948</u>	<u>\$ 10,279</u>

Finite-lived intangible assets consist of the following as of December 31, 2021:

Description	Weighted Average Estimated Useful Life (in years)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Developed technology	7	\$ 18,038	\$ 15,636	\$ 2,402
Customer relationships	9	15,487	8,613	6,874
Non-compete agreements	3	1,912	1,912	—
Tradename	3	368	368	—
Total		<u>\$ 35,805</u>	<u>\$ 26,529</u>	<u>\$ 9,276</u>

The following table summarizes amortization expense related to intangible assets for the years ended December 31, 2022, 2021 and 2020:

	Year Ended December 31,		
	2022	2021	2020
Cost of subscription and support revenue	\$ 1,757	\$ 1,420	\$ 1,501
Sales and marketing	1,662	1,652	1,909
	<u>\$ 3,419</u>	<u>\$ 3,072</u>	<u>\$ 3,410</u>

The estimated remaining amortization expense for each of the five succeeding years and thereafter is as follows:

Year Ending December 31,	Amount
2023	\$ 3,910
2024	3,688
2025	2,142
2026	536
2027	3
2028 and thereafter	—
Total	<u>\$ 10,279</u>

The changes in the carrying amount of goodwill for the year ended December 31, 2022 were as follows:

Balance as of January 1, 2022	\$ 60,902
Wicket acquisition	13,957
Balance as of December 31, 2022	<u>\$ 74,859</u>

## 8. Leases

The Company's corporate headquarters are located in Boston, Massachusetts, pursuant to a lease of approximately 40,000 square feet that terminates on September 30, 2032. The initial term of the lease is for ten years. The Company has the option to extend the lease for two successive five-year terms which were not recognized in the initial liability and right-of-use asset, as the Company does not expect to exercise the extension. The Company has a right of first offer to lease additional office space that becomes available within the 281 Summer Street premises. In connection with the office lease, the Company provided a security deposit, in the form of a letter of credit, in the amount of \$0.8 million in January 2022. This letter of credit will be auto-renewed annually, unless a 60 day notice is received from the landlord. An automatic extension can only be implemented through November 30, 2032. This letter of credit is irrevocable and does not have a cash requirement other than the amount already set forth. In the event of a default, the landlord must provide written notice of default before drawing from the letter of credit as a security deposit, or to remedy the amount owed.

The Company leases offices in Tokyo, Japan; Sydney, Australia; Chennai, India; Seoul, South Korea; Singapore; London, England; Guadalajara, Mexico; Funchal, Portugal and Covilha, Portugal.

The Company's rent expense was \$5.1 million, \$4.3 million, \$7.4 million for the years ended December 31, 2022, 2021 and 2020, respectively.

The Company entered into one operating lease agreement in the current year, resulting in the recording of an initial liability and corresponding right-of-use asset of \$1.2 million.

The weighted average remaining lease terms and discount rates were as follows:

	December 31,		
	2022	2021	2020
Weighted average remaining lease term (years)	8.27	8.81	3.0
Weighted average discount rate	5.8%	5.7%	4.4%

The weighted-average remaining non-cancelable lease term for the Company's operating leases was 8.27 years at December 31, 2022. The weighted-average discount rate was 5.8% at December 31, 2022.

The Company's operating leases expire at various dates through 2032. The following shows the undiscounted cash flows for the remaining years under operating leases at December 31, 2022:

<u>Year Ending December 31,</u>	<u>Operating Lease Commitments</u>
2023	\$ 4,597
2024	4,518
2025	3,155
2026	2,968
2027	2,938
2028 and thereafter	13,522
Total operating lease commitments	31,698
Less imputed interest	(7,013)
Total lease liabilities	<u>\$ 24,685</u>

The Company's discounted current operating lease liability and discounted non-current lease liability at December 31, 2022 were \$4.2 million and \$20.5 million, respectively.

In the fourth quarter of 2020 the Company subleased 100% of its London office through the remaining lease term. For the years ended December 31, 2022, 2021 and 2020 the Company recognized rent income of \$811, \$901 and \$164, respectively, from the sublease which is included in Other (expense) income. Lease income relating to variable lease payments was immaterial.

The Company's London sublease expires in December of 2024. The following table shows the undiscounted cash inflows from the London sublease for the remaining years at December 31, 2022:

<u>Year Ending December 31,</u>	<u>Operating Sublease</u>
2023	\$ 860
2024	885
2025	—
2026	—
Total operating sublease cash inflows	\$ 1,745

## 9. Commitments and Contingencies

### *Legal Matters*

The Company, from time to time, is party to litigation arising in the ordinary course of business. Management does not believe that the outcome of these claims will have a material adverse effect on the consolidated financial position, results of operations or cash flows of the Company based on the status of proceedings at this time.

### *Guarantees and Indemnification Obligations*

The Company typically enters into indemnification agreements in the ordinary course of business. Pursuant to these agreements, the Company indemnifies and agrees to reimburse the indemnified party for losses and costs incurred by the indemnified party, generally the Company's customers, in connection with patent, copyright, trade secret, or other intellectual property or personal right infringement claims by third parties with respect to the Company's technology. The term of these indemnification agreements is generally perpetual after execution of the agreement. The Company has typically limited the maximum potential value of such potential future payments in relation to the value of the contract. The Company has received requests for indemnification from customers in connection with patent infringement suits brought against the customer by a third party. Based on historical experience and information known as of December 31, 2022, the Company has incurred minimal costs for the above guarantees and indemnities.

In certain circumstances, the Company warrants that its products and services will perform in all material respects in accordance with its standard published specification documentation in effect at the time of delivery of the licensed products and services to the customer for the warranty period of the product or service. To date, the Company has not incurred significant expense under its warranties and, as a result, the Company believes the estimated fair value of these agreements is immaterial.

## 10. Stockholders' Equity

### *Common Stock*

Common stockholders are entitled to one vote per share. Holders of common stock are entitled to receive dividends, when and if declared by the Board.

### *Common Stock Reserved for Future Issuance*

At December 31, 2022, the Company has reserved the following shares of common stock for future issuance:

	<u>December 31, 2022</u>
Common stock options outstanding	1,419,767
Restricted stock unit awards outstanding	5,211,207
Shares available for issuance under all stock-based compensation plans	4,537,258
Total shares of authorized common stock reserved for future issuance	<u>11,168,232</u>

## 11. Stock-Based Compensation

### *Stock-Based Compensation Plans*

At December 31, 2022, the Company had seven stock-based compensation plans:



- On February 8, 2022, the Company adopted the Brightcove Inc. 2022 Inducement Plan (the 2022 Plan). The 2022 Plan provides for the issuance of employment inducement awards to the Company's Chief Executive Officer (CEO).
- On March 25, 2021, the Board adopted, the Brightcove Inc. 2021 Stock Incentive Plan (the 2021 Plan) which was approved by the shareholders on May 11, 2021. The maximum number of shares of stock reserved and available for issuance under the 2021 Plan is 6,200,000 shares.
- The 2018 Inducement Plan (the 2018 plan). Effective April 11, 2018, the Company adopted the 2018 Plan. The 2018 Plan provides for the issuance of stock options and restricted stock units to the Company's CEO.
- The Brightcove Inc. 2014 Stock Option Inducement Plan (the 2014 Stock Inducement Plan). In 2014, the Company adopted the 2014 Stock Inducement Plan in connection with the Unicorn asset purchase agreement.
- The 2012 RSU Inducement Plan (the 2012 RSU Plan). In 2012, the Company adopted the 2012 RSU Plan in connection with the acquisition of Zencoder. The restricted stock units were settled in shares of the Company's common stock upon vesting.
- The 2012 Stock Incentive Plan (the 2012 Plan). The 2012 Plan provided for the issuance of incentive and non-qualified stock options, restricted stock, and other equity awards to the Company's employees, officers, directors, consultants and advisors. In conjunction with the effectiveness of the 2021 Plan, the Board voted that no further stock options or other equity-based awards may be granted under the 2012 Plan.
- The Amended and Restated 2004 Stock Option and Incentive Plan (the 2004 Plan). The 2004 Plan, like the 2012 Plan, provided for the issuance of incentive and non-qualified stock options, restricted stock, and other equity awards to the Company's employees, officers, directors, consultants and advisors. In conjunction with the effectiveness of the 2012 Plan, the Board voted that no further stock options or other equity-based awards may be granted under the 2004 Plan.

The following table summarizes stock-based compensation expense as included in the consolidated statement of operations for the years ended December 31, 2022, 2021 and 2020:

	<u>Year Ended December 31,</u>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cost of subscription and support revenue	\$ 508	\$ 627	\$ 592
Cost of professional services and other revenue	433	401	314
Research and development	2,746	1,677	1,078
Sales and marketing	3,990	2,957	3,139
General and administrative	5,622	4,306	3,662
Other (expense) benefit	249	—	—
	<u>\$ 13,548</u>	<u>\$ 9,968</u>	<u>\$ 8,785</u>

As of December 31, 2022, there was \$31.5 million of total unrecognized stock-based compensation expense related to stock-based awards that is expected to be recognized over a weighted-average period of 2.5 years.

### ***Stock Options***

The following is a summary of the stock option activity for all stock option plans during the years ended December 31, 2022, 2021 and 2020:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2019	2,479,423	\$ 8.96		\$ 1,558
Granted	178,584	10.60		
Exercised	(272,692)	8.13		\$ 1,041
Cancelled	(274,829)	9.13		
Outstanding at December 31, 2020	2,110,486	\$ 9.19		
Granted	114,973	14.88		
Exercised	(333,190)	8.53		\$ 2,999
Cancelled	(210,792)	10.26		
Outstanding at December 31, 2021	1,681,477	\$ 9.59		\$ 1,938
Granted	—	0.00		
Exercised	(28,400)	6.24		\$ 40
Cancelled	(233,310)	11.11		
Outstanding at December 31, 2022	1,419,767	\$ 9.39	3.55	\$ 4
Exercisable at December 31, 2022	1,294,205	\$ 9.10	3.15	\$ 4

- (1) The aggregate intrinsic value was calculated based on the positive difference between the estimated fair value of the Company's common stock on December 31, 2022, December 31, 2021, and December 31, 2020 of \$5.23, \$10.22, and \$18.40 per share, respectively, or the date of exercise, as appropriate, and the exercise price of the underlying options.

The weighted-average fair value of options granted and assumptions utilized to determine such values are presented in the following table:

	Year Ended December 31,		
	2022	2021	2020
Weighted-average fair value of options granted during the year	\$ —	\$ 6.98	\$ 4.72
Risk-free interest rate	—	1.22 %	0.72 %
Expected volatility	—	48 %	46 %
Expected life (in years)	—	6.2	6.2
Expected dividend yield	—	—	—

### Restricted Stock Units

The Company has entered into restricted stock unit (RSU) agreements with certain of its employees pursuant to the 2012 Plan, the 2021 Plan, and the 2022 Plan. Vesting occurs periodically at specified time intervals, ranging from three months to four years, and in specified percentages. Upon vesting, the holder will receive one share of the Company's common stock for each unit vested.

Under the 2012 Plan, the Company granted restricted stock units to certain key executives, which contain both performance-based ("P-RSU") and service-based vesting conditions ("S-RSU"). The Company measures compensation expense for these performance-based awards based upon a review of the Company's expected achievement against specified financial performance targets. Compensation cost is recognized on a ratable basis over the requisite service period for each series of grants to the extent management has deemed that such awards are probable of vesting based upon the expected achievement against the specified targets. On a periodic basis, management reviews the Company's expected performance and adjusts the compensation cost, if needed, at such time. The Company determined that the conditions for a portion of the performance-based restricted stock units were achieved in the first quarter of 2020. As such, the Company recognized \$233 and \$1.3 million of stock-based compensation expense relating to performance-based awards for the years ended December 31, 2021, and 2020 respectively. The Company did not recognize stock-based compensation expense relating to the aforementioned performance-based awards in the year ended December 31, 2022, as the Company determined that the conditions for further portions of the performance-based restricted stock units to vest were not achieved.

Under the 2022 Plan, the Company granted 800,000 restricted stock units to the Company's CEO, in connection with the commencement of his employment on March 28, 2022. Of the total restricted stock units granted, 300,000 are subject solely to service-based vesting conditions (the "RSUs") and 500,000 are subject to both market-based and service-based vesting conditions.

(the “PSUs”). The RSUs vest in equal annual installments over three years following March 28, 2022. The market-based vesting conditions applicable to the PSUs are achieved only if the volume weighted average price of the Company’s common stock during any 20 consecutive trading day period in the four year performance period following the CEO’s start date, March 28, 2022, equals or exceeds stock price hurdles ranging from \$12.50 to \$30.00, increasing in seven increments of \$2.50. The percentage of the award that is earned upon achievement of each stock price hurdle is 10% of the PSUs for each of the first two achievement tiers, 12.5% for each of the next four achievement tiers and 15% for each of the final two achievement tiers. The PSUs vest 50% upon achievement of a stock price hurdle and 50% upon the earlier of the one-year anniversary of such achievement date or March 28, 2025, subject to the CEO’s continued employment through the applicable vesting date.

For restricted stock units with market-based performance conditions, the cost of the awards is recognized as the requisite service is rendered by the employee, regardless of when, if ever, the market-based performance conditions are satisfied. The Monte-Carlo simulation model is used to estimate fair value of market-based performance restricted stock units. The Monte-Carlo simulation model calculates multiple potential outcomes for an award and establishes a fair value based on the most likely outcome. Key assumptions for the Monte-Carlo simulation model include the risk-free rate, expected volatility, expected dividends and the correlation coefficient.

The following table summarizes the P-RSU and S-RSU activity during the year ended December 31, 2022, 2021, and 2020:

	S-RSU Shares	Weighted Average Grant Date Fair Value	P-RSU Shares	Weighted Average Grant Date Fair Value	Total RSU Shares	Weighted Average Grant Date Fair Value
Unvested by December 31, 2019	1,983,364	\$ 9.03	1,643,000	\$ 9.03	3,626,364	\$ 9.03
Granted	1,139,209	10.74	386,551	15.78	1,525,760	12.02
Vested and issued	(611,428)	9.23	(219,605)	8.81	(831,033)	9.10
Cancelled	(510,729)	9.00	(222,145)	7.65	(732,874)	8.64
Unvested by December 31, 2020	<u>2,000,416</u>	<u>\$ 10.30</u>	<u>1,587,801</u>	<u>\$ 10.40</u>	<u>3,588,217</u>	<u>\$ 10.35</u>
	S-RSU Shares	Weighted Average Grant Date Fair Value	P-RSU Shares	Weighted Average Grant Date Fair Value	Total RSU Shares	Weighted Average Grant Date Fair Value
Unvested by December 31, 2020	2,000,416	\$ 10.30	1,587,801	\$ 10.40	3,588,217	\$ 10.35
Granted	2,269,341	12.24	64,011	12.65	2,333,352	12.25
Vested and issued	(680,769)	9.85	(181,910)	8.74	(862,679)	9.62
Cancelled	(673,268)	11.67	(448,730)	9.59	(1,121,998)	10.84
Unvested by December 31, 2021	<u>2,915,720</u>	<u>\$ 11.66</u>	<u>1,021,172</u>	<u>\$ 11.04</u>	<u>3,936,892</u>	<u>\$ 11.50</u>
	S-RSU Shares	Weighted Average Grant Date Fair Value	P-RSU Shares	Weighted Average Grant Date Fair Value	Total RSU Shares	Weighted Average Grant Date Fair Value
Unvested by December 31, 2021	2,915,720	\$ 11.66	1,021,172	\$ 11.04	3,936,892	\$ 11.50
Granted	3,803,691	6.94	500,000	8.11	4,303,691	7.08
Vested and issued	(824,127)	11.63	—	0.00	(824,127)	11.63
Cancelled	(1,356,935)	10.09	(848,314)	11.06	(2,205,249)	10.47
Unvested by December 31, 2022	<u>4,538,349</u>	<u>\$ 8.19</u>	<u>672,858</u>	<u>\$ 8.62</u>	<u>5,211,207</u>	<u>\$ 6.66</u>

## 12. Income Taxes

Loss before the (benefit) provision for income taxes consists of the following jurisdictional (loss) income:

	Year Ended December 31,		
	2022	2021	2019
Domestic	\$ (11,391)	\$ 4,136	\$ (7,489)
Foreign	2,324	2,063	2,294
Total	<u>\$ (9,067)</u>	<u>\$ 6,199</u>	<u>\$ (5,195)</u>

The (benefit) provision for income taxes in the accompanying consolidated financial statements consists of the following:

	Year Ended December 31,		
	2022	2021	2020
Current provision:			
Federal	\$ -	\$ -	\$ -
State	66	7	8
Foreign	880	801	815
Total current	946	808	823
Deferred (benefit):			
Federal	(834)	1	(5)
State	(168)	2	(5)
Foreign	4	(9)	(195)
Total deferred	(998)	(6)	(205)
Total (benefit) provision	\$ (52)	\$ 802	\$ 618

A reconciliation of the U.S. federal statutory rate to the Company's effective tax rate is as follows:

	Year Ended December 31,		
	2022	2021	2020
Tax at statutory rates	(21.0%)	(21.0%)	(21.0%)
State income taxes	(8.8%)	3.4%	(9%)
Change in tax rate	(0.8%)	(0.2%)	(3.9%)
Permanent differences	18.6%	4.4%	11.6%
Global intangible low-taxed income	19.9%	0%	0%
Foreign rate differential	2.8%	(2.6%)	3.4%
Research and development credits	(9.1%)	7.6%	(13.7%)
Change in valuation allowance	(1.4%)	(3.4%)	44.2%
Other, net	(0.7%)	(1.1%)	0.2%
Effective tax rate	(0.5%)	(12.9%)	11.8%

The income tax effect of each type of temporary difference and carryforward as of December 31, 2022 and 2021 is as follows:

	As of December 31,	
	2022	2021
Deferred tax assets:		
Net operating loss carry-forwards	\$ 41,239	\$ 47,228
Tax credit carry-forwards	14,588	13,392
Stock-based compensation	2,127	1,400
Fixed Assets	134	286
Account receivable reserves	340	235
Accrued compensation	1,050	1,648
Lease Liability	5,524	6,136
Capitalized research expenditures	6,733	—
Other temporary differences	829	1,167
Total deferred tax assets	72,564	71,492
Deferred tax liabilities:		
Other deferred tax liabilities	(4,046)	(2,889)
ROU Asset	(4,578)	(6,033)
Intangible assets	(3,305)	(3,720)
Total deferred tax liabilities	(11,929)	(12,642)
Valuation allowance	(60,717)	(58,912)
Net deferred tax asset (liability)	\$ (82)	\$ (62)

The Company is required to compute income tax expense in each jurisdiction in which it operates. This process requires the Company to project its current tax liability and estimate its deferred tax assets and liabilities, including net operating loss (NOL)

and tax credit carry-forwards. In assessing the ability to realize the net deferred tax assets, management considers whether it is more likely than not that some portion or all of the net deferred tax assets will not be realized.

The Company has provided a valuation allowance against substantially all of its remaining U.S. net deferred tax assets as of December 31, 2022 and December 31, 2021, as based upon the level of historical U.S. losses and future projections over the period in which the net deferred tax assets are deductible, at this time, management believes it is more likely than not that the Company will not realize the benefits of these deductible differences. The Company has provided a valuation allowance against the net deferred tax assets of its subsidiaries in Australia, United Kingdom, and Mexico as of December 31, 2022 and December 31, 2021 largely based on the significant weight of negative evidence given to the consolidated worldwide cumulative loss position for the current year and the prior two years. The increase in the valuation allowance from 2021 to 2022 of \$1.8 million principally relates to the current year U.S. losses and generation of federal and state research and development tax credits. The Company maintains net deferred tax liabilities for temporary differences related to its Japanese and Portuguese subsidiaries.

As of December 31, 2022, the Company had federal net operating losses of approximately \$164.0 million, of which \$118.3 million are available to offset future taxable income, if any, through 2037 and \$45.7 million which are available to offset future taxable income indefinitely. As of December 31, 2022, the Company had state net operating losses of approximately \$82.8 million, of which \$79.7 million are available to offset future taxable income, if any, through 2041 and \$3.1 million which are available to offset future taxable income indefinitely. The Company also had federal and state research and development tax credits of \$9.8 million and \$6.0 million, respectively, which expire in various amounts through 2041. The net operating loss and tax credit amounts are subject to annual limitations under Section 382 change of ownership rules under the U.S. Internal Revenue Code of 1986, as amended. This could limit the amount of tax attributes that can be utilized annually to offset future taxable income or tax liabilities. The amount of the annual limitation is determined based on the value of the Company immediately prior to the ownership change. Subsequent ownership changes may further affect the limitation in future years. The Company has not conducted an assessment to determine whether there may have been a Section 382 ownership change from June 30, 2014, the date of the most recent completed study, through December 31, 2022. If a change in ownership were to have occurred during that period, and resulted in the restriction of net operating loss and tax credit carryforwards, the reduction in the related deferred tax asset would be offset with a corresponding reduction in the valuation allowance.

Effective January 1, 2022, the Tax Cuts and Jobs Act of 2017 requires the Company to capitalize, and subsequently amortize R&D expenses over five years for research activities conducted in the U.S. and over fifteen years for research activities conducted outside of the U.S. As of December 31, 2022, the Company has recorded a deferred tax asset of \$6.7 million related to the capitalized R&D expenditures which is offset by a decrease in its net operating loss carryforward.

At December 31, 2022 and 2021, the Company had no recorded liabilities for uncertain tax positions, nor any accrued interest or penalties related to uncertain tax positions.

The Company files income tax returns in the U.S. federal tax jurisdiction, various state and various foreign jurisdictions. The Company is currently open to examination under the statute of limitations by the Internal Revenue Service and state jurisdictions for the tax years ended 2019 through 2022. Since the Company is in a U.S. loss carryforward position, carryforward tax attributes generated in prior years may still be adjusted upon future examination if they have or will be used in a future period. Additionally, certain non-U.S. jurisdictions are no longer subject for income tax examinations by authorities for tax years before 2017.

No additional U.S. income taxes or foreign withholding taxes have been provided for any additional outside basis differences inherent in the Company's foreign entities as these amounts continue to be indefinitely reinvested in foreign operations based on management's current intentions. Determining the amount of unrecognized deferred tax liability related to any remaining undistributed foreign earnings not subject to the transition tax and additional outside basis difference in these entities (i.e., basis difference in excess of that subject to the one-time transition tax) is not practicable.

### **13. Debt**

On December 28, 2020, the Company entered into an amended and restated loan and security agreement with a lender (the "Loan Agreement") providing for up to a \$30.0 million asset-based line of credit (the "Line of Credit"). Borrowings under the Line of Credit are secured by substantially all of the Company's assets, excluding its intellectual property. Outstanding amounts under the Line of Credit accrue interest at a rate as follows: (i) for prime rate advances, the greater of (A) the prime rate and (B) 4%, and (ii) for LIBOR advances, the greater of (A) the LIBOR rate plus 225 basis points and (B) 4%. Under the Loan Agreement, the Company must comply with certain financial covenants, including maintaining a minimum asset coverage ratio. If the outstanding principal during any month is at least \$15.0 million, the Company must also maintain a minimum net income threshold based on non-GAAP operating measures. Failure to comply with these covenants, or the occurrence of an event of

default, could permit the lenders under the Line of Credit to declare all amounts borrowed under the Line of Credit, together with accrued interest and fees, to be immediately due and payable. The Line of Credit agreement will expire on December 28, 2023. The Company was in compliance with all applicable covenants under the Line of Credit as of December 31, 2022 and there were no borrowings outstanding as of December 31, 2022.

#### 14. Accrued Expenses

Accrued expenses consist of the following:

	December 31,	
	2022	2021
Accrued payroll and related benefits	\$ 10,082	\$ 8,536
Accrued sales and other taxes	3,098	2,950
Accrued professional fees and outside contractors	3,057	2,233
Accrued content delivery	5,684	4,190
Accrued other liabilities	4,956	3,016
Total	<u>\$ 26,877</u>	<u>\$ 20,925</u>

#### 15. Segment Information

Disclosure requirements about segments of an enterprise and related information establishes standards for reporting information regarding operating segments in annual financial statements and requires selected information of those segments to be presented in interim financial reports issued to stockholders. Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision-maker, or decision-making group, in making decisions on how to allocate resources and assess performance. The Company's chief decision maker is its chief executive officer. The Company and the chief decision maker view the Company's operations and manage its business as one operating segment.

#### Geographic Data

Total revenue to unaffiliated customers by geographic area, based on the location of the customer, was as follows:

	Year Ended December 31,		
	2022	2021	2020
Revenue:			
North America	\$ 118,755	\$ 119,079	\$ 107,686
Europe	36,177	37,947	34,001
Japan	21,988	25,272	25,745
Asia Pacific	33,645	28,261	28,984
Other	443	534	937
Total revenue	<u>\$ 211,008</u>	<u>\$ 211,093</u>	<u>\$ 197,353</u>

North America is comprised of revenue from the United States, Canada and Mexico. Revenue from customers located in the United States was \$111.8, \$111.5 and \$99.6 million during the years ended December 31, 2022, 2021 and 2020, respectively. Other than the United States and Japan, no other country contributed more than 10% of the Company's total revenue during the years ended December 31, 2022 and 2021.

**16. 401(k) Savings Plan**

The Company maintains a defined contribution savings plan covering all eligible U.S. employees under Section 401(k) of the Internal Revenue Code. Company contributions to the plan may be made at the discretion of the Board. During the years ended December 31, 2022, 2021 and 2020, the Company has made contributions to the plan of \$770, \$412 and \$434, respectively.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. Controls and Procedures*****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 Securities Exchange Act of 1934, as amended (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 such date, our disclosure controls and procedures were effective.

***Management’s Annual Report on Internal Control Over Financial Reporting***

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) or 15d-15(f) of the Exchange Act. Internal control over financial reporting is a process designed 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, and includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2022 using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its Internal Control-Integrated Framework (2013). Based on this assessment and those criteria, management concluded that our internal control over financial reporting was effective as of December 31, 2022.

The effectiveness of our internal control over financial reporting as of December 31, 2022 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included herein.

***Changes in Internal Control Over Financial Reporting***

There were no changes in our internal control over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.



## Report of Independent Registered Public Accounting Firm

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

### Opinion on Internal Control Over Financial Reporting

We have audited Brightcove Inc.'s internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Brightcove Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive (loss) income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2022, and the related notes and our report dated February 23, 2023 expressed an unqualified opinion thereon.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Boston, Massachusetts

February 23, 2023

**Item 9B. Other Information**

None.

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

## PART III

### **Item 10. Directors, Executive Officers, and Corporate Governance**

Incorporated by reference from the information in our Proxy Statement for our 2023 Annual Meeting of Stockholders, which we will file with the SEC within 120 days of the end of the fiscal year to which this Annual Report on Form 10-K relates.

### **Item 11. Executive Compensation**

Incorporated by reference from the information in our Proxy Statement for our 2023 Annual Meeting of Stockholders, which we will file with the SEC within 120 days of the end of the fiscal year to which this Annual Report on Form 10-K relates.

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

Incorporated by reference from the information in our Proxy Statement for our 2023 Annual Meeting of Stockholders, which we will file with the SEC within 120 days of the end of the fiscal year to which this Annual Report on Form 10-K relates.

### **Item 13. Certain Relationships and Related Transactions and Director Independence**

Incorporated by reference from the information in our Proxy Statement for our 2023 Annual Meeting of Stockholders, which we will file with the SEC within 120 days of the end of the fiscal year to which this Annual Report on Form 10-K relates.

### **Item 14. Principal Accountant Fees and Services**

Incorporated by reference from the information in our Proxy Statement for our 2023 Annual Meeting of Stockholders, which we will file with the SEC within 120 days of the end of the fiscal year to which this Annual Report on Form 10-K relates.

## PART IV

### Item 15. Exhibits, Financial Statements and Schedules

#### (a)(1) Financial Statements.

The response to this portion of Item 15 is set forth under Item 8 above.

#### (a)(2) Financial Statement Schedules.

All schedules have been omitted because they are not required or because the required information is given in the Consolidated Financial Statements or Notes thereto set forth under Item 8 above.

#### (a)(3) Exhibits.

The exhibits listed below are filed or incorporated by reference as part of this Annual Report on Form 10-K.

#### Exhibits

- 2.1\* (1) [Agreement and Plan of Merger, dated as of July 26, 2012, by and among the Registrant, Zebra Acquisition Corporation, Zencoder Inc. and the Securityholders' Representative named therein.](#)
- 2.2\* (2) [Asset Purchase Agreement and Plan of Reorganization, dated as of January 6, 2014, by and among the Registrant, Cacti Acquisition LLC, Unicorn Media, Inc., Unicorn Media of Arizona, Inc., U Media Limited and the Securityholders' Representative named therein.](#)
- 3.1\* (3) [Eleventh Amended and Restated Certificate of Incorporation.](#)
- 3.2\* (4) [Amended and Restated By-Laws.](#)
- 4.1\* (5) [Form of Common Stock certificate of the Registrant.](#)
- 4.2\* (6) [Second Amended and Restated Investor Rights Agreement dated January 17, 2007, by and among the Registrant, the investors listed therein, and Jeremy Allaire, as amended.](#)
- 4.3\* (7) [Warrant to Purchase Stock dated August 31, 2006 issued by the Registrant to TriplePoint Capital LLC.](#)
- 4.4\* (8) [Brightcove Inc. RSU Inducement Plan.](#)
- 4.5\* (9) [Form of Restricted Stock Unit Award Agreement under the Brightcove Inc. 2012 RSU Inducement Plan.](#)
- 4.6\* (10) [Brightcove Inc. 2018 Inducement Plan.](#)
- 4.7\* (11) [Form of Stock Option Agreement under the Brightcove Inc. 2018 Inducement Plan.](#)
- 4.8\* (12) [Form of Performance-Based Restricted Stock Unit Agreement under the Brightcove Inc. 2018 Inducement Plan.](#)
- 4.9\* (13) [Description of Capital Stock.](#)
- 10.1\* (14) [Form of Indemnification Agreement between the Registrant and its directors and executive officers.](#)
- 10.2†\* (15) [Amended and Restated 2004 Stock Option and Incentive Plan of the Registrant, together with forms of award agreement.](#)
- 10.3†\* (16) [2012 Stock Incentive Plan of the Registrant.](#)
- 10.4†\* (17) [Form of Incentive Stock Option Agreement under the 2012 Stock Incentive Plan.](#)
- 10.5† (18) [Form of Non-Qualified Stock Option Agreement for Company Employees under the 2012 Stock Incentive Plan.](#)
- 10.6\* (19) [Lease dated February 28, 2007 between Mortimer B. Zuckerman, Edward H. Linde and Michael A. Cantalupa, as Trustees of One Cambridge Center Trust and Brightcove Inc., as amended.](#)
- 10.7\* (20) [Lease dated June 15, 2011 between BP Russia Wharf LLC and Brightcove Inc.](#)
- 10.8\* (21) [Loan and Security Agreement dated March 30, 2011 between Silicon Valley Bank and Brightcove Inc., as amended.](#)
- 10.9\* (22) [Second Loan Modification Agreement dated April 29, 2013 between Silicon Valley Bank and Brightcove Inc.](#)
- 10.10\* (23) [Third Loan Modification Agreement dated October 3, 2014 between Silicon Valley Bank and Brightcove Inc.](#)
- 10.11\* (24) [Loan and Security Agreement dated November 19, 2015 between Silicon Valley Bank and Brightcove Inc.](#)

- 10.12†\* (25) [Employment Agreement dated August 8, 2011 between the Registrant and Jeremy Allaire.](#)
- 10.13†\* (26) [Employment Agreement dated August 8, 2011 between the Registrant and David Mendels.](#)
- 10.14†\* (27) [Employment Agreement dated August 8, 2011 between the Registrant and Edward Godin.](#)
- 10.15†\* (28) [Employment Agreement dated August 8, 2011 between the Registrant and Andrew Feinberg.](#)
- 10.16\* (29) [Employment Separation Agreement dated January 2, 2013 between the Registrant and Edward Godin.](#)
- 10.17†\* (30) [Amended and Restated Employment Agreement dated July 25, 2013 between Brightcove Inc. and Jeremy Allaire](#)
- 10.18†\* (31) [Letter Agreement dated August 25, 2014 between the Registrant and Christopher Menard related to Mr. Menard's resignation and separation from employment with the Registrant.](#)
- 10.19†\* (32) [Employment Agreement dated October 1, 2014 between the Registrant and Jon Corley.](#)
- 10.20†\* (33) [Employment Agreement dated October 1, 2014 between the Registrant and Paul Goetz.](#)
- 10.21†\* (34) [Employment Agreement dated November 3, 2014 between the Registrant and Kevin R. Rhodes.](#)
- 10.22†\* (35) [Non-Employee Director Compensation Policy.](#)
- 10.23†\* (36) [Senior Executive Incentive Bonus Plan.](#)
- 10.24†\* (37) [Form of Restricted Stock Unit Award Agreement under the 2012 Stock Incentive Plan.](#)
- 10.25†\* (38) [Form of Restricted Stock Unit Award Agreement for Company Employees under the 2012 Stock Incentive Plan.](#)
- 10.26†\* (39) [Form of Restricted Stock Unit Award Agreement for Non-Employee Directors under the 2012 Stock Incentive Plan.](#)
- 10.27\* (40) [Form of Non-Qualified Stock Option Agreement for Non-Employee Directors under the 2012 Stock Incentive Plan.](#)
- 10.28†\* (41) [Separation Agreement dated July 24, 2017 between the Registrant and David Mendels.](#)
- 10.29†\* (42) [Amendment to Employment Agreement dated July 24, 2017 between the Registrant and Andrew Feinberg.](#)
- 10.30†\* (43) [Employment Agreement dated September 20, 2017 between the Registrant and David Plotkin.](#)
- 10.31\*† (44) [Amendment to Employment Agreement dated April 11, 2018 between the Registrant and Andrew Feinberg.](#)
- 10.32\*† (45) [Employment Agreement dated April 11, 2018 between the Registrant and Jeff Ray.](#)
- 10.34†\* (46) [Non-Employee Director Compensation Policy, as amended and restated on April 11, 2018.](#)
- 10.35†\* (47) [Employment Agreement dated May 3, 2018 between the Registrant and Robert Noreck.](#)
- 10.36\* (48) [Second Amended and Restated Loan and Security Agreement dated December 14, 2018 between the Registrant and Silicon Valley Bank.](#)
- 10.37\* (49) [First Loan Modification Agreement dated March 29, 2019 between the Registrant and Silicon Valley Bank.](#)
- 10.38\* (50) [Third Loan Modification Agreement dated December 28, 2020 between the Registrant and Silicon Valley Bank.](#)
- 10.39†\* (51) [Brightcove Inc. 2021 Stock Incentive Plan.](#)
- 10.40†\* (52) [Form of Incentive Stock Option Agreement under the Brightcove Inc. 2021 Stock Incentive Plan.](#)
- 10.41†\* (53) [Form of Non-Qualified Stock Option Agreement for Brightcove Employees under the Brightcove Inc. 2021 Stock Incentive Plan.](#)
- 10.42†\* (54) [Form of Non-Qualified Stock Option Agreement for Non-U.S. Employees under the Brightcove Inc. 2021 Stock Incentive Plan.](#)
- 10.43†\* (55) [Form of Non-Qualified Stock Option Agreement for Non-Employee Directors under the Brightcove Inc. 2021 Stock Incentive Plan.](#)
- 10.44†\* (56) [Form of Restricted Stock Unit Agreement for Brightcove Employees under the Brightcove Inc. 2021 Stock Incentive Plan.](#)
- 10.45†\* (57) [Form of Restricted Stock Unit Agreement for Non-U.S. Employees under the Brightcove Inc. 2021 Stock Incentive Plan](#)
- 10.46†\* (58) [Form of Restricted Stock Unit Agreement for Non-Employee Directors under the Brightcove Inc. 2021 Stock Incentive Plan](#)
- 10.47†\* (59) [Employment Agreement, dated February 8, 2022 by and between the Company and Marc DeBevoise](#)
- 10.48\*+ (60) [Lease dated November 23, 2021, between 281 Summer Street, LLC and Brightcove Inc.](#)
- 10.49†\* (61) [Transition Agreement, dated October 26, 2021, between Jeff Ray and the Registrant](#)
- 10.50†\* (62) [Brightcove Inc. 2022 Inducement Plan](#)
- 10.51†\* (63) [Form of Restricted Stock Unit Award Agreement under the Brightcove Inc. 2022 Inducement Plan](#)

10.52†** (64)	<a href="#">Form of Performance-Based Restricted Stock Unit Award Agreement under the Brightcove Inc. 2022 Inducement Plan</a>
10.53**+	<a href="#">Second Loan Modification Agreement dated July 29, 2019 between the Registrant and Silicon Valley Bank,</a>
21.1**	<a href="#">Subsidiaries of the Registrant.</a>
23.1**	<a href="#">Consent of Ernst &amp; Young LLP, Independent Registered Public Accounting Firm.</a>
24.1**	<a href="#">Power of Attorney (included on signature page).</a>
31.1**	<a href="#">Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2**	<a href="#">Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1**	<a href="#">Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS**	Inline XBRL Instance 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 with applicable taxonomy extension information contained in Exhibits 101.*)

- (1) Filed as Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission (the "Commission") on July 26, 2012.
- (2) Filed as Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the Commission on January 6, 2014.
- (3) Filed as Exhibit 3.2 to Amendment No. 5 to the Registrant's Registration Statement on Form S-1 filed with the Commission on February 6, 2012.
- (4) Filed as Exhibit 3.3 to Amendment No. 5 to the Registrant's Registration Statement on Form S-1 filed with the Commission on February 6, 2012.
- (5) Filed as Exhibit 4.1 to Amendment No. 5 to the Registrant's Registration Statement on Form S-1 filed with the Commission on February 6, 2012.
- (6) Filed as Exhibit 4.2 to the Registrant's Registration Statement on Form S-1 filed with the Commission on August 24, 2011.
- (7) Filed as Exhibit 4.4 to the Registrant's Registration Statement on Form S-1 filed with the Commission on August 24, 2011.
- (8) Filed as Exhibit 4.4 to the Registrant's Registration Statement on Form S-8 filed with the Commission on August 14, 2012.
- (9) Filed as Exhibit 4.5 to the Registrant's Registration Statement on Form S-8 filed with the Commission on August 14, 2012.
- (10) Filed as Exhibit 4.4 to Registrant's Registration Statement on Form S-8 filed with the Commission on May 1, 2018.
- (11) Filed as Exhibit 4.5 to Registrant's Registration Statement on Form S-8 filed with the Commission on May 1, 2018.
- (12) Filed as Exhibit 4.6 to Registrant's Registration Statement on Form S-8 filed with the Commission on May 1, 2018.
- (13) Filed as Exhibit 4.9 to Registrant's Annual Report on Form 10-K filed with the Commission on February 27, 2020.
- (14) Filed as Exhibit 10.1 to Amendment No. 5 to the Registrant's Registration Statement on Form S-1 filed with the Commission on February 6, 2012.
- (15) Filed as Exhibit 10.2 to the Registrant's Registration Statement on Form S-1 filed with the Commission on August 24, 2011.
- (16) Filed as Exhibit 10.3 to Amendment No. 5 to the Registrant's Registration Statement on Form S-1 filed with the Commission on February 6, 2012.
- (17) Filed as Exhibit 10.4 to Amendment No. 5 to the Registrant's Registration Statement on Form S-1 filed with the Commission on February 6, 2012.

- (18) Filed as Exhibit 10.5 to Amendment No. 5 to the Registrant's Registration Statement on Form S-1 filed with the Commission on February 6, 2012.
- (19) Filed as Exhibit 10.6 to the Registrant's Registration Statement on Form S-1 filed with the Commission on August 24, 2011.
- (20) Filed as Exhibit 10.7 to the Registrant's Registration Statement on Form S-1 filed with the Commission on August 24, 2011.
- (21) Filed as Exhibit 10.8 to the Registrant's Registration Statement on Form S-1 filed with the Commission on August 24, 2011.
- (22) Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Commission on April 30, 2013.
- (23) Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Commission on October 7, 2014.
- (24) Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Commission on November 20, 2015.
- (25) Filed as Exhibit 10.9 to the Registrant's Registration Statement on Form S-1 filed with the Commission on August 24, 2011.
- (26) Filed as Exhibit 10.10 to the Registrant's Registration Statement on Form S-1 filed with the Commission on August 24, 2011.
- (27) Filed as Exhibit 10.11 to the Registrant's Registration Statement on Form S-1 filed with the Commission on August 24, 2011.
- (28) Filed as Exhibit 10.13 to the Registrant's Registration Statement on Form S-1 filed with the Commission on August 24, 2011.
- (29) Filed as Exhibit 10.14 to the Registrant's Annual Report on Form 10-K filed with the Commission on March 5, 2013.
- (30) Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Commission on July 25, 2013.
- (31) Filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on November 3, 2014.
- (32) Filed as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on November 3, 2014.
- (33) Filed as Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on November 3, 2014.
- (34) Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Commission on November 10, 2014.
- (35) Filed as Exhibit 10.14 to Amendment No. 5 to the Registrant's Registration Statement on Form S-1 filed with the Commission on February 6, 2012.
- (36) Filed as Exhibit 10.15 to Amendment No. 5 to the Registrant's Registration Statement on Form S-1 filed with the Commission on February 6, 2012.
- (37) Filed as Exhibit 10.16 to Amendment No. 5 to the Registrant's Registration Statement on Form S-1 filed with the Commission on February 6, 2012.
- (38) Filed as Exhibit 10.17 to Amendment No. 5 to the Registrant's Registration Statement on Form S-1 filed with the Commission on February 6, 2012.
- (39) Filed as Exhibit 10.18 to Amendment No. 5 to the Registrant's Registration Statement on Form S-1 filed with the Commission on February 6, 2012.
- (40) Filed as Exhibit 10.19 to Amendment No. 5 to the Registrant's Registration Statement on Form S-1 filed with the Commission on February 6, 2012.
- (41) Filed as Exhibit 99.2 to the Registrant's Current Report on Form 8-K filed with the Commission on July 26, 2017.
- (42) Filed as Exhibit 99.3 to the Registrant's Current Report on Form 8-K filed with the Commission on July 26, 2017.
- (43) Filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on October 26, 2017.

- (44) Filed as Exhibit 99.1 to the Registrant's Current Report on Form 8-K filed with the Commission on April 11, 2018.
- (45) Filed as Exhibit 99.2 to the Registrant's Current Report on Form 8-K filed with the Commission on April 11, 2018.
- (46) Filed as Exhibit 99.5 to Registrant's Current Report on Form 8-K filed with the Commission on April 11, 2018.
- (47) Filed as Exhibit 99.1 to the Registrant's Current Report on Form 8-K filed with the Commission on May 4, 2018.
- (48) Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Commission on December 14, 2018.
- (49) Filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on April 24, 2019.
- (50) Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Commission on December 29, 2020.
- (51) Filed as Exhibit 99.1 to Registrant's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on May 17, 2021.
- (52) Filed as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on July 28, 2021.
- (53) Filed as Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on July 28, 2021.
- (54) Filed as Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on July 28, 2021.
- (55) Filed as Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on July 28, 2021.
- (56) Filed as Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on July 28, 2021.
- (57) Filed as Exhibit 10.7 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on July 28, 2021.
- (58) Filed as Exhibit 10.8 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on July 28, 2021.
- (59) Filed as Exhibit 99.1 to the Registrant's Current Report on Form 8-K filed with the Commission on February 9, 2022.
- (60) Filed as Exhibit 10.48 to the Registrant's Annual Report on Form 10-K filed with the Commission on February 18, 2022.
- (61) Filed as Exhibit 10.49 to the Registrant's Annual Report on Form 10-K filed with the Commission on February 18, 2022.
- (62) Filed as Exhibit 4.4 to Registrant's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on February 18, 2022.
- (63) Filed as Exhibit 4.5 to Registrant's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on February 18, 2022.
- (64) Filed as Exhibit 4.6 to Registrant's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on February 18, 2022.

\* Incorporated herein by reference.

\*\* Filed herewith.

- The certifications furnished in Exhibit 32.1 hereto are deemed to accompany this Annual Report on Form 10-K and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended. Such certifications will not be deemed to be incorporated by reference into any filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Registrant specifically incorporates it by reference.

† Indicates a management contract or any compensatory plan, contract or arrangement.

+ Portions of this exhibit (indicated by asterisks) have been omitted in accordance with the rules of the Securities and Exchange Commission.

## Item 16. Form 10-K Summary

Not applicable.



## Signatures

Pursuant to the requirements of Section 13 or 15(d) 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 on the 23rd day of February, 2023.

### BRIGHTCOVE INC.

By:

/s/ Marc DeBevoise

Marc DeBevoise

Chief Executive Officer

### POWER OF ATTORNEY

Each person whose individual signature appears below hereby constitutes and appoints Marc DeBevoise, Robert Noreck and David Plotkin, and each of them, with full power of substitution and resubstitution and full power to act without the other, as his or her true and lawful attorney-in-fact and agent to act in his or her name, place and stead and to execute in the name and on behalf of each person, individually and in each capacity stated below, and to file any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing, ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his substitute or substitutes may lawfully do or cause to be done by virtue thereof.

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 and in the capacities and on the dates indicated.

<u>Name</u>	<u>Title</u>	<u>Date</u>
/s/ Marc DeBevoise Marc DeBevoise	Chief Executive Officer ( <i>Principal Executive Officer</i> ) and Director	February 23, 2023
/s/ Robert Noreck Robert Noreck	Chief Financial Officer ( <i>Principal Financial Officer and Principal Accounting Officer</i> )	February 23, 2023
/s/ Diane Hessian Diane Hessian	Chairman of the Board of Directors	February 23, 2023
/s/ Kristin Frank Kristin Frank	Director	February 23, 2023
/s/ Gary Haroian Gary Haroian	Director	February 23, 2023
/s/ Scott Kurnit Scott Kurnit	Director	February 23, 2023
/s/ Tsedal Neeley Tsedal Neeley	Director	February 23, 2023
/s/ Ritcha Ranjan Ritcha Ranjan	Director	February 23, 2023
/s/ Thomas E. Wheeler Thomas E. Wheeler	Director	February 23, 2023

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED AND REPLACED WITH “[\*\*\*]”. SUCH IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS (I) NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM TO THE COMPANY IF DISCLOSED.

## SECOND LOAN MODIFICATION AGREEMENT

This Second Loan Modification Agreement (this “**Loan Modification Agreement**”) is entered into as of July 29, 2019, by and between **SILICON VALLEY BANK**, a California corporation, with a loan production office located at 275 Grove Street, Suite 2-200, Newton, Massachusetts 02466 (“**Bank**”), and **BRIGHTCOVE INC.**, a Delaware corporation with its principal place of business located at 290 Congress Street, Boston, Massachusetts 02210 (“**Borrower**”).

1. DESCRIPTION OF EXISTING INDEBTEDNESS AND OBLIGATIONS. Among other indebtedness and obligations which may be owing by Borrower to Bank, Borrower is indebted to Bank pursuant to a loan arrangement dated as of December 14, 2018, evidenced by, among other documents, a certain Second Amended and Restated Loan and Security Agreement dated as of December 14, 2018, between Borrower and Bank, as amended by a certain First Loan Modification Agreement dated as of March 29, 2019 (as has been and as may be further amended, modified, restated, replaced or supplemented from time to time, the “**Loan Agreement**”). Capitalized terms used but not otherwise defined herein shall have the same meaning as in the Loan Agreement.

2. DESCRIPTION OF COLLATERAL. Repayment of the Obligations is secured by, among other property, the Collateral as defined in the Loan Agreement (together with any other collateral security granted to Bank, as amended, the “**Security Documents**”). Hereinafter, the Security Documents, together with all other documents evidencing or securing the Obligations shall be referred to as the “**Existing Loan Documents**”.

### 3. DESCRIPTION OF CHANGE IN TERMS.

#### A. Modifications to Loan Agreement.

- 1 The Loan Agreement shall be amended by deleting the following text, appearing in Section 7.1 thereof:

“Convey, sell, lease, transfer, assign, or otherwise dispose of (collectively, “Transfer”),”

and inserting in lieu thereof the following:

“Convey, sell, lease, transfer, assign, or otherwise dispose of (including, without limitation, pursuant to a Division) (collectively, “Transfer”),”

- 2 The Loan Agreement shall be amended by deleting the following text, appearing in Section 7.3 thereof:

“Merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with any other Person, or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock or property of another Person (including, without limitation, by the formation of any Subsidiary), except for Permitted Acquisitions.”

and inserting in lieu thereof the following:

“Merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with any other Person, or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock or property of another Person (including,

without limitation, by the formation of any Subsidiary or pursuant to a Division), except for Permitted Acquisitions.”

- 3 The Loan Agreement shall be amended by deleting the following text, appearing in subsection (e) in the definition of “Permitted Investments” in Section 13.1 thereof:

“and (vi) foreign Subsidiaries, other than Brightcove S. De R.L. de C.V., formed after the Effective Date, for the ordinary and necessary current operating expenses of such foreign Subsidiaries in an aggregate amount (for all such Investments in all such Subsidiaries) not to exceed One Million Dollars (\$1,000,000.00) per calendar year.”

and inserting in lieu thereof the following:

“, (vi) TV App Agency Unipessoal, Lda. (Zona Franca da Madeira), Borrower’s Subsidiary organized under the laws of Portugal, for the ordinary and necessary current operating expenses of such Subsidiary, in an aggregate amount not to exceed Two Million Dollars (\$2,000,000.00) per calendar year and (vii) foreign Subsidiaries, other than Brightcove S. De R.L. de C.V., formed after the Effective Date, for the ordinary and necessary current operating expenses of such foreign Subsidiaries in an aggregate amount (for all such Investments in all such Subsidiaries) not to exceed One Million Dollars (\$1,000,000.00) per calendar year.”

- 4 The Loan Agreement shall be amended by inserting the following new definition, appearing alphabetically in Section 13.1 thereof:

“ **“Division”** means, in reference to any Person which is an entity, the division of such Person into two (2) or more separate Persons, with the dividing Person either continuing or terminating its existence as part of such division, including, without limitation, as contemplated under Section 18-217 of the Delaware Limited Liability Company Act for limited liability companies formed under Delaware law, or any analogous action taken pursuant to any other applicable law with respect to any corporation, limited liability company, partnership or other entity.”

- B. Consent to Acquisition. Borrower has informed Bank that Borrower intends to purchase one hundred percent (100.0%) of the equity interests of TV App Agency Ltd., a private limited company incorporated under the laws of England and Wales (“Target”), pursuant to that certain Share Purchase Agreement by and among Borrower, Target and the Sellers (as defined in the Purchase Agreement) substantially in the form attached as **Schedule 1** hereto (the “Purchase Agreement”) (the “Acquisition”). Pursuant to Section 7.3 of the Loan Agreement, Bank hereby consents to the Acquisition, provided, however, Bank’s consent is expressly conditioned upon (a) Borrower not assuming or incurring any Indebtedness or Liens in connection with the Acquisition, (b) Borrower not using or transferring any of its cash or other property in connection with the Acquisition except for (i) the payments of cash and stock consideration made on or prior to the date that is eighteen (18) months from the closing of the Acquisition as set forth in the Purchase Agreement and (ii) payments made in satisfaction of indemnification obligations of Borrower as set forth in the Purchase Agreement, (c) Borrower being the exact same legal entity and continuing its corporate existence after the Acquisition, (d) the Acquisition not resulting in an Event of Default, (e) Bank having received fully-executed copies of the Purchase Agreement and the other documents in connection with the Acquisition and (f) the Acquisition occurring on or prior to the date that is thirty (30) days from the date of this Loan Modification Agreement.

4. FEES AND EXPENSES. Borrower shall reimburse Bank for all reasonable legal fees and expenses incurred in connection with this amendment to the Existing Loan Documents.

5. PERFECTION CERTIFICATE. Borrower hereby ratifies, confirms and reaffirms, all and singular, the terms and disclosures contained in a certain Perfection Certificate dated as of July 29, 2019 delivered by Borrower to Bank, and acknowledges, confirms and agrees that the disclosures and information Borrower provided to Bank in such Perfection Certificate have not changed, as of the date hereof. Borrower acknowledges and agrees that all references in the Loan Agreement to the "Perfection Certificate" shall mean and include the Perfection Certificate as described herein.

6. CONSISTENT CHANGES. The Existing Loan Documents are hereby amended wherever necessary to reflect the changes described above.

7. RATIFICATION OF LOAN DOCUMENTS. Borrower hereby ratifies, confirms, and reaffirms all terms and conditions of all security or other collateral granted to Bank, and confirms that the indebtedness secured thereby includes, without limitation, the Obligations.

8. RELEASE BY BORROWER.

- A. FOR GOOD AND VALUABLE CONSIDERATION, Borrower hereby forever relieves, releases, and discharges Bank and its present or former employees, officers, directors, agents, representatives, attorneys, and each of them, from any and all claims, debts, liabilities, demands, obligations, promises, acts, agreements, costs and expenses, actions and causes of action, of every type, kind, nature, description or character whatsoever, whether known or unknown, suspected or unsuspected, absolute or contingent, arising out of or in any manner whatsoever connected with or related to facts, circumstances, issues, controversies or claims existing or arising from the beginning of time through and including the date of execution of this Loan Modification Agreement (collectively "Released Claims"). Without limiting the foregoing, the Released Claims shall include any and all liabilities or claims arising out of or in any manner whatsoever connected with or related to the Loan Documents, the recitals hereto, any instruments, agreements or documents executed in connection with any of the foregoing or the origination, negotiation, administration, servicing and/or enforcement of any of the foregoing.
- B. In furtherance of this release, Borrower expressly acknowledges and waives any and all rights under Section 1542 of the California Civil Code, which provides as follows:
- "A **general release** does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party." (Emphasis added.)
- C. By entering into this release, Borrower recognizes that no facts or representations are ever absolutely certain and it may hereafter discover facts in addition to or different from those which it presently knows or believes to be true, but that it is the intention of Borrower hereby to fully, finally and forever settle and release all matters, disputes and differences, known or unknown, suspected or unsuspected; accordingly, if Borrower should subsequently discover that any fact that it relied upon in entering into this release was untrue, or that any understanding of the facts was incorrect, Borrower shall not be entitled to set aside this release by reason thereof, regardless of any claim of mistake of fact or law or any other circumstances whatsoever. Borrower acknowledges that it is not relying upon and has not relied upon any representation or statement made by Bank with respect to the facts underlying this release or with regard to any of such party's rights or asserted rights.
- D. This release may be pleaded as a full and complete defense and/or as a cross-complaint or counterclaim against any action, suit, or other proceeding that may be instituted, prosecuted or

attempted in breach of this release. Borrower acknowledges that the release contained herein constitutes a material inducement to Bank to enter into this Loan Modification Agreement, and that Bank would not have done so but for Bank's expectation that such release is valid and enforceable in all events.

E. Borrower hereby represents and warrants to Bank, and Bank is relying thereon, as follows:

- 1 Except as expressly stated in this Loan Modification Agreement, neither Bank nor any agent, employee or representative of Bank has made any statement or representation to Borrower regarding any fact relied upon by Borrower in entering into this Loan Modification Agreement.
- 2 Borrower has made such investigation of the facts pertaining to this Loan Modification Agreement and all of the matters appertaining thereto, as it deems necessary.
- 3 The terms of this Loan Modification Agreement are contractual and not a mere recital.
- 4 This Loan Modification Agreement has been carefully read by Borrower, the contents hereof are known and understood by Borrower, and this Loan Modification Agreement is signed freely, and without duress, by Borrower.
- 5 Borrower represents and warrants that it is the sole and lawful owner of all right, title and interest in and to every claim and every other matter which it releases herein, and that it has not heretofore assigned or transferred, or purported to assign or transfer, to any person, firm or entity any claims or other matters herein released. Borrower shall indemnify Bank, defend and hold it harmless from and against all claims based upon or arising in connection with prior assignments or purported assignments or transfers of any claims or matters released herein.

9. CONTINUING VALIDITY. Borrower understands and agrees that in modifying the existing Obligations, Bank is relying upon Borrower's representations, warranties, and agreements, as set forth in the Existing Loan Documents. Except as expressly modified pursuant to this Loan Modification Agreement, the terms of the Existing Loan Documents remain unchanged and in full force and effect. Bank's agreement to modifications to the existing Obligations pursuant to this Loan Modification Agreement in no way shall obligate Bank to make any future modifications to the Obligations. Nothing in this Loan Modification Agreement shall constitute a satisfaction of the Obligations. It is the intention of Bank and Borrower to retain as liable parties all makers of Existing Loan Documents, unless the party is expressly released by Bank in writing. No maker will be released by virtue of this Loan Modification Agreement.

10. COUNTERSIGNATURE. This Loan Modification Agreement shall become effective only when it shall have been executed by Borrower and Bank.

*[The remainder of this page is intentionally left blank]*

IN WITNESS WHEREOF, the parties hereto have caused this Loan Modification Agreement to be executed as a sealed instrument under the laws of the Commonwealth of Massachusetts as of the date first written above.

**BORROWER:**

**BANK:**

**BRIGHTCOVE INC.**

**SILICON VALLEY BANK**

By: /s/ Robert Noreck

By: /s/ Frank Groccia

Name: Robert Noreck

Name: Frank Groccia

Title: Chief Financial Officer, Treasurer

Title: Director

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**Schedule 1**

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Exhibit 21.1

Subsidiaries of the Registrant

<u>Name</u>	<u>Jurisdiction of Organization</u>
Brightcove UK Ltd	UK
Brightcove Singapore Pte. Ltd.	Singapore
Brightcove K.K.	Japan
Brightcove Korea	Korea
Brightcove Australia Pty Ltd	Australia
Brightcove India Pte. Ltd.	India
Brightcove Holdings, Inc.	Delaware
Zencoder Inc.	Delaware
Brightcove FZ-LLC	United Arab Emirates
Cacti Acquisition LLC	Delaware
Brightcove S. de R.L. de C.V.	Mexico
Othello Acquisition Corporation	Delaware
TV App Agency Ltd.	UK
TV App Agency Unipessoal Lda.	Portugal
Brightcove Philippines, Inc.	Philippines
Wicket Labs, Inc.	Washington

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**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. 333-179966) pertaining to the Amended and Restated 2004 Stock Option and Incentive Plan of Brightcove Inc. and the Brightcove Inc. 2012 Stock Incentive Plan,
- (2) Registration Statement (Form S-8 No. 333-183315) pertaining to the Brightcove Inc. 2012 RSU Inducement Plan,
- (3) Registration Statement (Form S-8 Nos. 333-187051, 333-202540, 333-209770, 333-216140, 333-223308, 333-229775, 333-236673 and 333-253458) pertaining to the Brightcove Inc. 2012 Stock Incentive Plan,
- (4) Registration Statement (Form S-8 No. 333-193701) pertaining to the Brightcove Inc. 2014 Stock Option Inducement Plan and the Brightcove Inc. 2012 Stock Incentive Plan,
- (5) Registration Statement (Form S-8 No. 333-224578) pertaining to the Brightcove Inc. 2018 Inducement Plan,
- (6) Registration Statement (Form S-3 No. 333-253462) of Brightcove Inc.,
- (7) Registration Statement (Form S-8 No. 333-256204) pertaining to the Brightcove Inc. 2021 Stock Incentive Plan,
- (8) Registration Statement (Form S-8 No. 333- 262874) pertaining to the Brightcove Inc. 2022 Inducement Plan,

of our reports dated February 23, 2023, with respect to the consolidated financial statements of Brightcove Inc. and the effectiveness of internal control over financial reporting of Brightcove Inc. included in this Annual Report (Form 10-K) of Brightcove Inc. for the year ended December 31, 2022.

/s/ Ernst & Young LLP

Boston, Massachusetts  
February 23, 2023

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

I, Marc DeBevoise, certify that:

1. I have reviewed this Annual Report on Form 10-K of Brightcove 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;
  - 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: February 23, 2023

By:  
/s/ Marc DeBevoise

Marc DeBevoise  
Chief Executive Officer  
(Principal Executive Officer)

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

I, Robert Noreck, certify that:

1. I have reviewed this Annual Report on Form 10-K of Brightcove 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;
  - 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: February 23, 2023

By:  
/s/ Robert Noreck

Robert Noreck  
Chief Financial Officer  
(Principal Financial Officer)

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**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Brightcove Inc. for the year ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Marc DeBevoise, as Chief Executive Officer of Brightcove Inc., hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Brightcove Inc.

Date: February 23, 2023

By:

/s/ March DeBevoise

Marc DeBevoise

Chief Executive Officer

(Principal Executive Officer)

In connection with the Annual Report on Form 10-K of Brightcove Inc. for the year ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Robert Noreck, as Chief Financial Officer of Brightcove Inc., hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Brightcove Inc.

Date: February 23, 2023

By:

/s/ Robert Noreck

Robert Noreck

Chief Financial Officer

(Principal Financial Officer)

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