

# **Q4'23 EARNINGS**

February 22, 2024

# TODAY'S PRESENTERS



**MARC DEBEVOISE**  
CEO & Board Director



**ROB NORECK**  
EVP & Chief Financial Officer

# SAFE HARBOR STATEMENT

During today's presentation, we will make statements related to our business that may be considered forward-looking and are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995, including statements concerning our financial guidance for the first fiscal quarter of 2024 and the full year 2024, expected profitability and free cash flow, our position to execute on our go-to-market and growth strategy, our ability to expand our leadership position, our ability to maintain and upsell existing customers, as well as our ability to acquire new customers.

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

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

# Q4 FINANCIAL RESULTS

**\$50.2M**

Total revenue

**\$5.5M**

Adj. EBITDA

**\$1.4M**

Free cash flow

# **BUSINESS RESULTS**

# 2023 POSITIVE TRENDS

**NEW BUSINESS**

**NEW BUSINESS AVERAGE CONTRACT VALUES**

**+55%**

YoY

**+200%**

YoY



# 2023 POSITIVE TRENDS

**OVERALL AVERAGE CONTRACT VALUES**

**ARPU**

**+5%**

YoY

**+8%**

YoY

# 2023 POSITIVE TRENDS

**MULTI-YEAR DEAL VOLUME**

**+27%**

YoY

**TOTAL SUBSCRIPTION BACKLOG**

**+19%**

YoY

# KEY Q4 DEALS

## SPORTS CUSTOMERS



الدوري السعودي للمحترفين



# KEY Q4 DEALS



# 2023 REVIEW

# NEW LEADERSHIP



**Jim Norton**  
CHIEF REVENUE OFFICER



**Kathy Klingler**  
CHIEF MARKETING OFFICER



# 2023 HIGHLIGHTS

## SUPER SERVE LARGEST CUSTOMERS



## ACCELERATED PRODUCT INNOVATION

**COMMUNICATIONS  
STUDIO**

**MARKETING  
STUDIO**

**MEDIA STUDIO:**

AD MONETIZATION™

Analytics™

Insights™

QoE Insights™

Ad Insights™

## EXPANDED VIA PARTNERSHIPS

Magnite

 PubMatic

 Frequency

**ROKU**

 3PLAYMEDIA

 socialive

# **MARKET TRENDS**

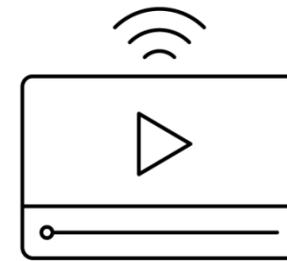
# STREAMING CONTINUES TO GROW

a trend that is set to continue



**+21%**

Increase year-over-year in streaming viewership



**~10%**

Streaming's share of viewership over Broadcast & Cable

*Streaming will continue to be the battlefield for attention in media*

# INDUSTRY IN TRANSFORMATION

in shift towards to profitability

## Go-to-Market Transformation:

- ▶ New monetization models
- ▶ More modalities
- ▶ More content types
- ▶ More distribution channels and partnerships

## Cost Transformation

- ▶ Programming optimization through analytics/insights, AI & Data
- ▶ Reduced in-house tech spending in favor of outsourcing



**ESPN, Fox and Warner Bros. Discovery to launch joint sports streaming platform this year**

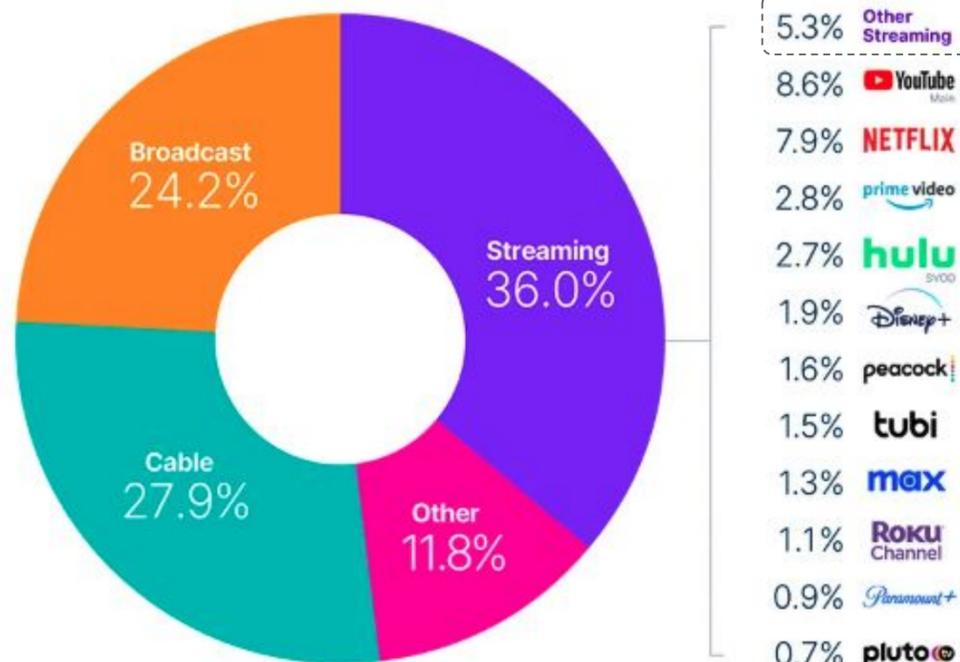
PUBLISHED TUE, FEB 6 2024•4:30 PM EST | UPDATED WED, FEB 7 2024•2:27 PM EST

*Larger streaming entities will continue their transformation*

# MORE CHANNELS & SERVICES

as larger companies shift priorities

## LARGE NUMBER OF "NEXT SET" SERVICES



- 5.3% Other Streaming
- 8.6% YouTube
- 7.9% NETFLIX
- 2.8% prime video
- 2.7% hulu
- 1.9% Disney+
- 1.6% peacock
- 1.5% tubi
- 1.3% max
- 1.1% Roku Channel
- 0.9% Paramount+
- 0.7% pluto

**Examples:**

## REGIONAL LEADERS AROUND THE GLOBE

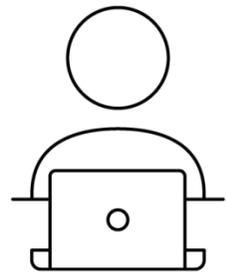


*Big company content licensing freedom + global ambition pull back = more global streaming services*

# REMOTE WORK

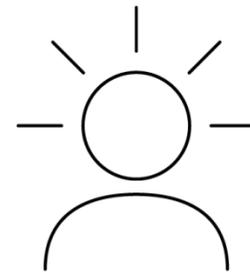
## Is here to stay

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**33%**

of the U.S. workforce  
working in a hybrid /  
remote arrangement



**78%**

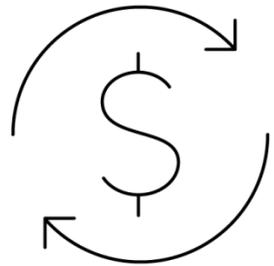
of surveyed employees who  
prefer remote / hybrid work  
environments

*Streaming video is key to keeping distributed workforces engaged*

# VIDEO IS KEY

To driving **sales and revenue**

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**87%**

**of marketers** report being able to directly attribute sales back to their videos marketing efforts



**82%**

**of consumers** report having bought a good/service after watching a video

*Streaming video is key to driving Return on Investment for Marketers*

# **OUR 2024 FOCUS AREAS**

# 2024 FOCUS



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Delivering substantial improvements in **profitability**



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Focused investments on most promising **growth opportunities**



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Continued product **innovation**



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**Delivering** on our targets

# **FINANCIALS**

**ROB NORECK**  
Chief Financial Officer

# REVENUE

**\$50.2**

**MILLION**

UP  
2%  
YoY



# REVENUE

EXCLUDING OVERAGES

**\$49.3**

**MILLION**

Up  
3%  
YoY



# SUBSCRIPTION BACKLOG

**12 MONTH**

**TOTAL**

**\$127.3M**

up 6% YoY

**\$183.0M**

up 19% YoY

# 2023 HIGHLIGHTS

**DEAL SIZE**

**NEW BUSINESS**

**MULTI-YEAR DEALS**

**ARPU**

**+200%**

YoY

in New Business

ACV

**+55%**

YoY

in New Business

Bookings

**+27%**

YoY

in Number of  
Multi-Year deals

**+8%**

YoY

With ARPU at

\$96,200

# **GAAP NET LOSS AND EPS**

**(\$2.5)**

**MILLION**

**EPS (\$0.06)**

# FINANCIAL RESULTS

**\$50.2M**  
MILLION

Up  
2%  
YoY ↑

**GAAP NET LOSS**

**(\$2.5)**  
MILLION

**ADJUSTED EBITDA**

**\$5.5**  
MILLION

11% of Revenue

Up  
366%  
YoY ↑

# **CASH BALANCE & CASH FLOW**

**\$18.6M**

Cash and cash  
equivalents

**\$1.4M**

Free cash flow

# ADJUSTED EBITDA

**\$5.5**

**MILLION**

**11% of Revenue**

Up  
**366%**  
YoY



# GUIDANCE

	Q1'24		FY'24	
	LOW	HIGH	LOW	HIGH
<b>Revenue</b>	\$49M	\$50M	\$195M	\$198M
<b>Non-GAAP Op Inc/(Loss)</b>	\$0M	\$1M	(\$3M)	(\$1M)
<b>Adjusted EBITDA</b>	\$4M	\$5M	\$14M	\$16M
<b>Non-GAAP EPS</b>	(\$0.01)	\$0.02	(\$0.10)	(\$0.05)

THANK  
YOU

# APPENDIX - NON-GAAP FINANCIAL MEASURES

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 18,615	\$ 31,894
Accounts receivable, net of allowance	33,451	26,004
Prepaid expenses and other current assets	18,333	19,422
Total current assets	70,399	77,320
Property and equipment, net	42,476	39,677
Operating lease right-of-use asset	16,233	18,671
Intangible assets, net	6,368	10,279
Goodwill	74,859	74,859
Other assets	5,772	7,007
Total assets	<u>\$ 216,107</u>	<u>\$ 227,813</u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 14,422	\$ 11,326
Accrued expenses	17,566	26,877
Operating lease liability	4,486	4,157
Deferred revenue	68,155	61,597
Total current liabilities	104,629	103,957
Operating lease liability, net of current portion	17,358	20,528
Other liabilities	207	981
Total liabilities	122,194	125,466
Stockholders' equity:		
Common stock	44	42
Additional paid-in capital	328,918	314,825
Treasury stock, at cost	(871)	(871)
Accumulated other comprehensive loss	(1,236)	(1,593)
Accumulated deficit	(232,942)	(210,056)
Total stockholders' equity	93,913	102,347
Total liabilities and stockholders' equity	<u>\$ 216,107</u>	<u>\$ 227,813</u>

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



	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Revenue:				
Subscription and support revenue	\$ 47,775	\$ 47,688	\$ 192,461	\$ 204,091
Professional services and other revenue	2,381	1,550	8,726	6,917
Total revenue	<u>50,156</u>	<u>49,238</u>	<u>201,187</u>	<u>211,008</u>
Cost of revenue: (1) (2)				
Cost of subscription and support revenue	16,484	17,763	68,244	69,935
Cost of professional services and other revenue	2,840	1,563	9,109	7,138
Total cost of revenue	<u>19,324</u>	<u>19,326</u>	<u>77,353</u>	<u>77,073</u>
Gross profit	<u>30,832</u>	<u>29,912</u>	<u>123,834</u>	<u>133,935</u>
Operating expenses: (1) (2)				
Research and development	8,261	8,984	37,202	33,524
Sales and marketing	16,689	18,725	72,410	73,997
General and administrative	8,146	8,159	35,556	32,550
Merger-related	-	-	307	747
Other expense	-	-	-	1,149
Total operating expenses	<u>33,096</u>	<u>35,868</u>	<u>145,475</u>	<u>141,967</u>
Loss from operations	<u>(2,264)</u>	<u>(5,956)</u>	<u>(21,641)</u>	<u>(8,032)</u>
Other (expense) income, net	<u>(89)</u>	<u>845</u>	<u>(80)</u>	<u>(1,035)</u>
Loss before income taxes	<u>(2,353)</u>	<u>(5,111)</u>	<u>(21,721)</u>	<u>(9,067)</u>
Loss (benefit) from provision for income taxes	<u>161</u>	<u>286</u>	<u>1,165</u>	<u>(52)</u>
Net loss	<u>\$ (2,514)</u>	<u>\$ (5,397)</u>	<u>\$ (22,886)</u>	<u>\$ (9,015)</u>
Net loss per share—basic and diluted				
Basic	<u>\$ (0.06)</u>	<u>\$ (0.13)</u>	<u>\$ (0.53)</u>	<u>\$ (0.22)</u>
Diluted	<u>(0.06)</u>	<u>(0.13)</u>	<u>(0.53)</u>	<u>(0.22)</u>
Weighted-average shares—basic and diluted				
Basic	43,578	42,184	43,128	41,831
Diluted	43,578	42,184	43,128	41,831
(1) Stock-based compensation included in above line items:				
Cost of subscription and support revenue	\$ 117	\$ 123	\$ 506	\$ 508
Cost of professional services and other revenue	91	99	375	433
Research and development	616	711	2,453	2,746
Sales and marketing	1,040	1,133	4,197	3,990
General and administrative	1,595	1,513	6,368	5,622
Other expense	-	-	-	249
(2) Amortization of acquired intangible assets included in the above line items:				
Cost of subscription and support revenue	\$ 521	\$ 601	\$ 2,270	\$ 1,757
Sales and marketing	402	416	1,641	1,662

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



	<b>Twelve Months Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Operating activities</b>		
Net loss	\$ (22,886)	\$ (9,015)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	16,536	10,696
Stock-based compensation	13,899	13,548
Provision for reserves on accounts receivable	162	118
Changes in assets and liabilities:		
Accounts receivable	(7,707)	4,227
Prepaid expenses and other current assets	1,565	(1,216)
Other assets	1,328	(348)
Accounts payable	3,294	120
Accrued expenses	(7,950)	2,397
Operating leases	(409)	5,503
Deferred revenue	6,673	(609)
Net cash provided by operating activities	<u>4,505</u>	<u>25,421</u>
<b>Investing activities</b>		
Cash paid for acquisition, net of cash acquired	-	(13,215)
Purchases of property and equipment, net of returns	(3,120)	(10,727)
Capitalization of internal-use software costs	(12,530)	(13,825)
Net cash used in investing activities	<u>(15,650)</u>	<u>(37,767)</u>
<b>Financing activities</b>		
Proceeds from exercise of stock options	-	177
Deferred acquisition payments	(1,700)	-
Other financing activities	(330)	(260)
Net cash used in financing activities	<u>(2,030)</u>	<u>(83)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(104)</u>	<u>(1,416)</u>
Net decrease in cash and cash equivalents	(13,279)	(13,845)
Cash and cash equivalents at beginning of period	31,894	45,739
Cash and cash equivalents at end of period	<u>\$ 18,615</u>	<u>\$ 31,894</u>

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
<b>GROSS PROFIT:</b>				
GAAP gross profit	\$ 30,832	\$ 29,912	\$ 123,834	\$ 133,935
Stock-based compensation expense	208	222	881	941
Amortization of acquired intangible assets	521	601	2,270	1,757
Restructuring	-	-	104	-
Non-GAAP gross profit	<u>\$ 31,561</u>	<u>\$ 30,735</u>	<u>\$ 127,089</u>	<u>\$ 136,633</u>
GAAP gross profit as a percentage of revenue	61%	61%	62%	63%
Stock-based compensation expense	0.4%	0.5%	0.4%	0.4%
Amortization of acquired intangible assets	1.0%	1.2%	1.1%	0.8%
Restructuring	0.0%	0.0%	0.1%	0.0%
Non-GAAP gross profit as a percentage of revenue	<u>63%</u>	<u>62%</u>	<u>63%</u>	<u>65%</u>
<b>INCOME (LOSS) FROM OPERATIONS:</b>				
GAAP loss from operations	\$ (2,264)	\$ (5,956)	\$ (21,641)	\$ (8,032)
Stock-based compensation expense	3,459	3,579	13,899	13,299
Amortization of acquired intangible assets	923	1,017	3,911	3,419
Merger-related	-	-	307	747
Restructuring	1	-	2,831	-
Other expense	-	-	-	1,149
Non-GAAP income (loss) from operations	<u>\$ 2,119</u>	<u>\$ (1,360)</u>	<u>\$ (693)</u>	<u>\$ 10,582</u>
<b>NET INCOME (LOSS):</b>				
GAAP net loss	\$ (2,514)	\$ (5,397)	\$ (22,886)	\$ (9,015)
Stock-based compensation expense	3,459	3,579	13,899	13,299
Amortization of acquired intangible assets	923	1,017	3,911	3,419
Merger-related	-	-	307	747
Restructuring	1	-	2,831	-
Other expense	-	-	-	1,149
Non-GAAP net income (loss)	<u>\$ 1,869</u>	<u>\$ (801)</u>	<u>\$ (1,938)</u>	<u>\$ 9,599</u>
GAAP diluted net loss per share	<u>\$ (0.06)</u>	<u>\$ (0.13)</u>	<u>\$ (0.53)</u>	<u>\$ (0.22)</u>
Non-GAAP diluted net income (loss) per share	<u>\$ 0.04</u>	<u>\$ (0.02)</u>	<u>\$ (0.04)</u>	<u>\$ 0.23</u>
Shares used in computing GAAP diluted net loss per share	43,578	42,184	43,128	41,831
Shares used in computing Non-GAAP diluted net income per share	43,628	42,184	43,128	42,293

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Net loss	\$ (2,514)	\$ (5,397)	\$ (22,886)	\$ (9,015)
Other income (expense), net	89	(845)	80	1,035
Loss (benefit) from income taxes	161	286	1,165	(52)
Depreciation and amortization	4,292	3,555	16,536	10,696
Stock-based compensation expense	3,459	3,579	13,899	13,299
Merger-related	-	-	307	747
Restructuring	1	-	2,831	-
Other expense	-	-	-	1,149
Adjusted EBITDA	\$ 5,488	\$ 1,178	\$ 11,932	\$ 17,859

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023		2023	
Total revenue	\$	50,156	\$	201,187
Constant currency adjustment		211		372
Total revenue on a constant currency basis	\$	50,367	\$	201,559
	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023		2023	
Adjusted EBITDA	\$	5,488	\$	11,932
Constant currency adjustment		172		1,032
Adjusted EBITDA on a constant currency basis	\$	5,660	\$	12,964