

Q2'23 EARNINGS

August 3, 2023



TODAY'S PRESENTERS

BRIGHTCOVE



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 third fiscal quarter of 2023 and the full year 2023, expected profitability and free cash flow, our position to execute on our go-to-market and growth strategy, our ability to expand our leadership position, our ability to maintain and upsell existing customers, as well as our ability to acquire new customers.

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

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

Q2 FINANCIAL RESULTS

\$51.0M

Total revenue

\$3.6M

Adj. EBITDA

\$7.1M

Free Cash Flow

KEY CUSTOMER WINS AND RENEWALS





yahoo!



PARTNERSHIPS

NEW PARTNERSHIP WITH



3PlayMedia

- ▶ World's leading media accessibility platform
- ▶ Signed numerous add-on wins

STRATEGIC AGREEMENT WITH



- ▶ Leading digital advertising supply chain technology company
- ▶ Enhance and boost demand for our Ad Monetization service

RESEARCH/ANALYST RECOGNITION

LEADER CATEGORY PLACEMENT



IDC MARKETSCAPE
For Media and Entertainment

LEADER | SECOND CONSECUTIVE YEAR



ARAGON RESEARCH GLOBE
For Enterprise Video 2023

NEW BUSINESS GROWTH

H1'23

Avg. Contract Value

+175%
YoY

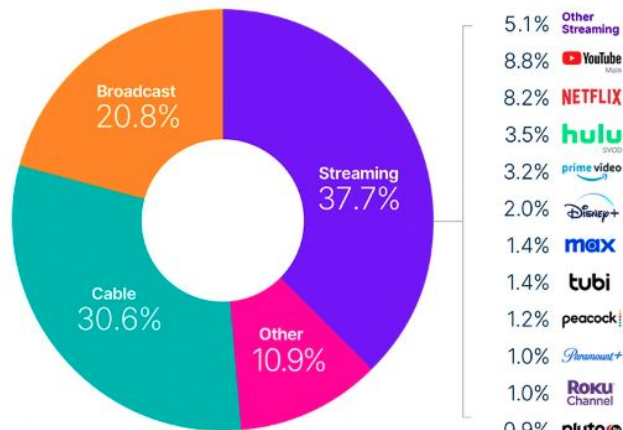
+2-3x
YoY

+20% YoY
EXCLUDING YAHOO DEAL

EACH OF
Q4'22, Q1'23, Q2'23

MEDIA STREAMING MARKET

Streaming is Largest Viewing Method
Large/Growing Share From "Others"



- 5.1% Other Streaming
- 8.8% YouTube
- 8.2% NETFLIX
- 3.5% hulu
- 3.2% prime video
- 2.0% Disney+
- 1.4% max
- 1.4% tubi
- 1.2% peacock
- 1.0% Paramount+
- 1.0% ROKU Channel
- 0.9% pluto

Increasing streaming share

200+ services and growing*

Consumer Linear vs Streaming Viewing

Source: Nielsen June 2023. *200+ across US, UK, Canada, India, Australia, and China

Regional Leaders Globally



Leading Global Digital Media



Targeted Audience Services



Global services growth will be driven by dozens to hundreds, not just a few

ENTERPRISE STREAMING MARKET

73%

of people prefer a short video to learn about a product/service.

88%

of people are convinced to buy a product after watching a video.

Source: Activate 2022 TMT Report, WyzOwl 2022 Video Marketing Trends, McKinsey 2021 Article

70%

of B2B buyers report that video makes the most impact over other content formats

97%

of recent video viewers say that they would be more receptive to sales communication from a business after consuming their video content

Source: Brightcove Internal Survey, Hubspot 2022 State of Inbound Marketing Trends

FINANCIALS

ROB NORECK
Chief Financial Officer

REVENUE

\$51.0
MILLION

Down
6.4%
YoY

GAAP NET LOSS

(\$6.2)
MILLION

ADJUSTED EBITDA

\$3.6
MILLION

Down
46%
YoY

REVENUE

\$51.0
MILLION

Down
6.4%
YoY

GAAP NET LOSS AND EPS

(\$6.2)

MILLION

EPS (\$0.14)

ADJUSTED EBITDA

\$3.6
MILLION

7.0% of Revenue

Down
46%
YoY



GUIDANCE

	Q3'23		FY'23	
	LOW	HIGH	LOW	HIGH
Revenue	\$50M	\$51M	\$201M	\$203M
Non-GAAP Op Loss	\$0.5M	\$1.5M	(\$2.2M)	(\$0.2M)
Adjusted EBITDA	\$4.0M	\$5.0M	\$11.0M	\$13.0M
Non-GAAP EPS	\$0.00	\$0.03	(\$0.08)	(\$0.04)



Q&A

**THANK
YOU**

APPENDIX - NON-GAAP FINANCIAL MEASURES

During this call and/or in this presentation, we have provided the non-GAAP financial measures of 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. The non-GAAP financial results of 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 expenses, restructuring and other (benefit) expense. The non-GAAP financial results 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 expenses, restructuring and other (benefit) expense. Merger-related expenses include fees incurred in connection with an acquisition. 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 August 2, 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. A reconciliation of our non-GAAP financial measures to their most directly comparable GAAP measures has been provided in the financial statement tables included in the following slide(s). The Company's earnings press releases containing such non-GAAP reconciliations can also 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>June 30, 2023</u>	<u>December 31, 2022</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 19,093	\$ 31,894
Accounts receivable, net of allowance	29,850	26,004
Prepaid expenses and other current assets	<u>22,280</u>	<u>19,422</u>
Total current assets	71,223	77,320
Property and equipment, net	42,994	39,677
Operating lease right-of-use asset	17,604	18,671
Intangible assets, net	8,244	10,279
Goodwill	74,859	74,859
Other assets	<u>6,285</u>	<u>7,007</u>
Total assets	<u>\$ 221,209</u>	<u>\$ 227,813</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 15,752	\$ 11,326
Accrued expenses	19,960	26,877
Operating lease liability	4,384	4,157
Deferred revenue	<u>69,615</u>	<u>61,597</u>
Total current liabilities	109,711	103,957
Operating lease liability, net of current portion	19,060	20,528
Other liabilities	<u>838</u>	<u>981</u>
Total liabilities	129,609	125,466
Stockholders' equity:		
Common stock	43	42
Additional paid-in capital	321,870	314,825
Treasury stock, at cost	(871)	(871)
Accumulated other comprehensive loss	(1,435)	(1,593)
Accumulated deficit	<u>(228,007)</u>	<u>(210,056)</u>
Total stockholders' equity	91,600	102,347
Total liabilities and stockholders' equity	<u>\$ 221,209</u>	<u>\$ 227,813</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenue:				
Subscription and support revenue	\$ 49,013	\$ 52,988	\$ 96,115	\$ 104,589
Professional services and other revenue	1,975	1,459	3,936	3,237
Total revenue	50,988	54,447	100,051	107,826
Cost of revenue: (1) (2)				
Cost of subscription and support revenue	16,603	16,943	34,868	33,925
Cost of professional services and other revenue	1,898	1,761	3,900	3,759
Total cost of revenue	18,501	18,704	38,768	37,684
Gross profit	32,487	35,743	61,283	70,142
Operating expenses: (1) (2)				
Research and development	10,345	8,372	20,211	16,609
Sales and marketing	19,034	17,961	38,499	36,249
General and administrative	9,405	8,554	19,469	16,643
Merger-related	45	153	190	747
Other expense	-	-	-	1,149
Total operating expenses	38,829	35,040	78,369	71,397
(Loss) income from operations	(6,342)	703	(17,086)	(1,255)
Other expense, net	422	(825)	(121)	(1,212)
Loss before income taxes	(5,920)	(122)	(17,207)	(2,467)
Loss (benefit) from provision for income taxes	317	179	744	(529)
Net loss	\$ (6,237)	\$ (301)	\$ (17,951)	\$ (1,938)
Net loss per share—basic and diluted				
Basic	\$ (0.14)	\$ (0.01)	\$ (0.42)	\$ (0.05)
Diluted	(0.14)	(0.01)	(0.42)	(0.05)
Weighted-average shares—basic and diluted				
Basic	43,059	41,723	42,795	41,580
Diluted	43,059	41,723	42,795	41,580
(1) Stock-based compensation included in above line items:				
Cost of subscription and support revenue	\$ 129	\$ 144	\$ 267	\$ 253
Cost of professional services and other revenue	92	139	192	258
Research and development	551	935	1,239	1,657
Sales and marketing	931	899	2,100	1,842
General and administrative	1,784	1,527	3,232	2,864
Other expense	-	-	-	249
(2) Amortization of acquired intangible assets included in the above line items:				
Cost of subscription and support revenue	\$ 601	\$ 376	\$ 1,202	\$ 671
Sales and marketing	417	416	833	838

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

	Six Months Ended June 30,	
	2023	2022
Operating activities		
Net loss	\$ (17,951)	\$ (1,938)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	8,008	4,227
Stock-based compensation	7,030	7,123
Provision for reserves on accounts receivable	222	70
Changes in assets and liabilities:		
Accounts receivable	(4,219)	(2,394)
Prepaid expenses and other current assets	(1,882)	(2,612)
Other assets	802	161
Accounts payable	3,376	(834)
Accrued expenses	(5,474)	(1,183)
Operating leases	(174)	4,007
Deferred revenue	8,440	2,630
Net cash (used in) provided by operating activities	<u>(1,822)</u>	<u>9,257</u>
Investing activities		
Cash paid for acquisition, net of cash acquired	-	(13,215)
Purchases of property and equipment, net of returns	(1,328)	(5,791)
Capitalization of internal-use software costs	(7,233)	(6,479)
Net cash used in investing activities	<u>(8,561)</u>	<u>(25,485)</u>
Financing activities		
Proceeds from exercise of stock options	-	100
Deferred acquisition payments	(1,700)	-
Other financing activities	(256)	(7)
Net cash (used in) provided by financing activities	<u>(1,956)</u>	<u>93</u>
Effect of exchange rate changes on cash and cash equivalents	(462)	(1,800)
Net decrease in cash and cash equivalents	(12,801)	(17,935)
Cash and cash equivalents at beginning of period	31,894	45,739
Cash and cash equivalents at end of period	<u>\$ 19,093</u>	<u>\$ 27,804</u>

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

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
GROSS PROFIT:				
GAAP gross profit	\$ 32,487	\$ 35,743	\$ 61,283	\$ 70,142
Stock-based compensation expense	221	283	459	511
Amortization of acquired intangible assets	601	376	1,202	671
Restructuring	98	-	98	-
Non-GAAP gross profit	<u>\$ 33,407</u>	<u>\$ 36,402</u>	<u>\$ 63,042</u>	<u>\$ 71,324</u>
GAAP gross profit as a percentage of revenue	64%	66%	61%	65%
Stock-based compensation expense	0.4%	0.5%	0.5%	0.5%
Amortization of acquired intangible assets	1.2%	0.7%	1.2%	0.6%
Restructuring	0.2%	0.0%	0.1%	0.0%
Non-GAAP gross profit as a percentage of revenue	<u>66%</u>	<u>67%</u>	<u>63%</u>	<u>66%</u>
(LOSS) INCOME FROM OPERATIONS:				
GAAP (loss) income from operations	\$ (6,342)	\$ 703	\$ (17,086)	\$ (1,255)
Stock-based compensation expense	3,487	3,644	7,030	6,874
Amortization of acquired intangible assets	1,018	792	2,035	1,509
Merger-related	45	153	190	747
Restructuring	2,329	-	2,756	-
Other expense	-	-	-	1,149
Non-GAAP income (loss) from operations	<u>\$ 537</u>	<u>\$ 5,292</u>	<u>\$ (5,075)</u>	<u>\$ 9,024</u>
NET (LOSS) INCOME:				
GAAP net loss	\$ (6,237)	\$ (301)	\$ (17,951)	\$ (1,938)
Stock-based compensation expense	3,487	3,644	7,030	6,874
Amortization of acquired intangible assets	1,018	792	2,035	1,509
Merger-related	45	153	190	747
Restructuring	2,329	-	2,756	-
Other expense	-	-	-	1,149
Non-GAAP net (loss) income	<u>\$ 642</u>	<u>\$ 4,288</u>	<u>\$ (5,940)</u>	<u>\$ 8,341</u>
GAAP diluted net loss per share	<u>\$ (0.14)</u>	<u>\$ (0.01)</u>	<u>\$ (0.42)</u>	<u>\$ (0.05)</u>
Non-GAAP diluted net (loss) income per share	<u>\$ 0.01</u>	<u>\$ 0.10</u>	<u>\$ (0.14)</u>	<u>\$ 0.20</u>
Shares used in computing GAAP diluted net loss per share	43,059	41,723	42,795	41,580
Shares used in computing Non-GAAP diluted net income per share	43,149	41,975	42,795	41,983

Brightcove Inc.
Calculation of Adjusted EBITDA
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net loss	\$ (6,237)	\$ (301)	\$ (17,951)	\$ (1,938)
Other expense, net	(422)	825	121	1,212
Loss (benefit) from income taxes	317	179	744	(529)
Depreciation and amortization	4,059	2,166	8,008	4,227
Stock-based compensation expense	3,487	3,644	7,030	6,874
Merger-related	45	153	190	747
Restructuring	2,329	-	2,756	-
Other expense	-	-	-	1,149
Adjusted EBITDA	<u>\$ 3,578</u>	<u>\$ 6,666</u>	<u>\$ 898</u>	<u>\$ 11,742</u>

Brightcove Inc.

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

	<u>Three Months Ended June 30,</u> <u>2023</u>	<u>Six Months Ended June 30,</u> <u>2023</u>
Total revenue	\$ 50,988	\$ 100,051
Constant currency adjustment	(18)	(162)
Total revenue on a constant currency basis	<u>\$ 50,970</u>	<u>\$ 99,889</u>
	<u>Six Months Ended June 30,</u> <u>2023</u>	<u>Six Months Ended June 30,</u> <u>2023</u>
Adjusted EBITDA	\$ 3,578	\$ 898
Constant currency adjustment	256	224
Adjusted EBITDA on a constant currency basis	<u>\$ 3,834</u>	<u>\$ 1,122</u>