

REFINITIV

DELTA REPORT

10-Q

KLTR - KALTURA INC

10-Q - SEPTEMBER 30, 2024 COMPARED TO 10-Q - JUNE 30, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	954
CHANGES	380
DELETIONS	377
ADDITIONS	197

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **June 30, 2024** ~~September 30, 2024~~

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: 001-40644

Kaltura, Inc.

(Exact name of Registrant as specified in its Charter)

Delaware
(State or other jurisdiction of incorporation or organization)

20-8128326
(I.R.S. Employer
Identification No.)

860 Broadway
3rd Floor
New York, New York
(Address of principal executive offices)

10003
(Zip Code)

Registrant's telephone number, including area code: (646) 290-5445

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$0.0001 par value per share	KLTR	The Nasdaq Stock Market LLC

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 ☒ No ☐

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 ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth 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 checked="" 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of the registrant's common stock, par value \$0.0001, outstanding as of **August 1, 2024** **November 1, 2024** was **148,992,942** **149,695,319**

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q may be forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "targets," "projects," "contemplates," "believes," "estimates," "forecasts," "predicts," "potential" or "continue" or the negative of these terms or other similar expressions. Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to, statements regarding our future results of operations and financial position, industry and business trends, stock-based compensation, revenue recognition, business strategy and plans, and market growth.

The forward-looking statements in this Quarterly Report on Form 10-Q are only predictions. We have based these forward-looking statements largely on our current assumptions, expectations and projections about future events and financial trends that we believe may affect our business, financial condition, and results of operations. Forward-

looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to the following:

- We may not be able to successfully assess or mitigate the current volatile economic climate and its direct and indirect impact on our business and operations, including our customers and vendors, or to correctly predict the duration and depth of the current instability of the global economy and take the right or sufficient measures to address it;
- Political, economic, and military conditions in Israel, such as the current conflicts with Hamas and Hezbollah, could materially and adversely affect our business;
- Our dependency on existing customer demand and exposure to changes in demand by our customers, loss of one or more of our significant customers, or any other reduction in the amount of revenue we derive from any such customer, including as a result from reasons not under our control, makes it difficult to evaluate our current business and future prospects and may increase the risk that our business, financial condition, results of operations and growth prospects, which could be adversely affected;
- We have a history of losses and may not be able to achieve or maintain profitability;
- Our future success depends on the growth and expansion of the markets for our offerings, which are constantly evolving and may develop more slowly or differently than we expect, and on our ability to adapt and respond effectively to evolving market conditions;
- If we are not able to keep pace with technological and competitive developments and develop or otherwise introduce new products and solutions and enhancements to our existing offerings, our offerings may become less marketable, less competitive or obsolete, and our business, financial condition and results of operations may be adversely affected;
- We may face risks associated with our use of certain artificial intelligence ("AI") and machine learning models, including generative artificial intelligence ("generative AI" or "GenAI") and compliance with the evolving regulatory framework around AI development and use;
- If we do not maintain the interoperability of our offerings across devices, operating systems and third-party applications that we do not control, and if we are not able to maintain and expand our relationships with third-party technology partners to integrate our offerings with their products and solutions (and vice-versa), our business, financial condition and results of operations may be adversely affected;
- Part of our Application Programming Interfaces (APIs) and other components in our offerings are licensed to the public under an open-source license, which could negatively affect our ability to monetize our offerings and protect our intellectual property rights;
- The markets in which we compete are nascent and highly fragmented, and we may not be able to compete successfully against current and future competitors, some of whom have greater financial, technical, and other resources than we do, or can provide a bundled offering and solutions that might be more attractive to our customers enabling them to better compete with us, and as a result our business, financial condition and results of operations could be harmed;
- If we are unable to increase sales of our subscriptions to new customers, expand the offerings to which our existing customers subscribe or the value of their subscriptions, or have them renew their subscriptions in terms that are economically beneficial to us, our future revenue and results of operations would be adversely affected;
- Political, economic, and military conditions in Ukraine, Russia and other countries following the Russian invasion to Ukraine, geopolitical instability and hostilities in the Middle East and Gulf region and their possible impact on global trade and financial markets, or such and other conditions in other regions in which we operate, or changes in the business environment in those regions, could materially and adversely affect our business;
- We recognize a significant portion of revenue from subscriptions over the term of the relevant subscription period, and as a result, downturns or upturns in sales are not immediately reflected in full in our results of operations;
- Increased breaches of network or information technology security along with an increase in cyber-attack activities, increases the risk that we shall be subject to cybersecurity threats that could have an adverse effect on our business;
- Data privacy, and data protection and digital operational resilience laws are rapidly evolving and present increasing compliance challenges. Additionally, if we or our third-party service providers experience a security breach, data loss or other compromise, including if unauthorized parties obtain access to our customers' data, our reputation may be harmed, demand for our platform, products and solutions may be reduced, and we may incur significant liabilities;

- We typically provide service-level commitments and offer customer support under our customer agreements. If we fail to meet these contractual commitments, we could be obligated to provide credits for future service, face contract termination with refunds of prepaid amounts, be charged penalties, or could experience a decrease in customer renewals in future periods, any of which would lower our revenue and adversely affect our business, financial condition and results of operations;
- We rely on third parties, including third parties outside the United States, for some of our software development, quality assurance, operations, and customer support;
- We depend on our management team and other key employees, and the loss of one or more of these employees or an inability to attract and retain highly skilled employees could adversely affect our business;
- The failure to effectively develop and expand our marketing and sales capabilities or to maintain or expand our international business could harm our ability to increase our customer base and achieve broader market acceptance of our offerings;
- We expect our revenue mix to vary over time, which could negatively impact our gross margin and results of operations;
- Our international operations and expansion expose us to risk;
- A portion of our revenue is generated by sales to government entities, which are subject to a number of challenges and risks;
- If we are unable to consummate acquisitions at acceptable rate or prices or achieve our expected goals, and to enter into other strategic transactions and relationships that support our long-term strategy, our growth rate and the trading price of our common stock could be negatively affected;
- A real or perceived bug, defect, security vulnerability, error, or other performance failure involving our platform, products or solutions could cause us to lose revenue, damage our reputation, and expose us to liability;
- Failure to protect our proprietary technology, or to obtain, maintain, protect and enforce sufficiently broad intellectual property rights therein, could substantially harm our business, financial condition and results of operations;
- Our failure to raise additional capital or generate the significant capital necessary to expand our operations and invest in new offerings could reduce our ability to compete and could adversely affect our business;
and
- The other important factors discussed in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the Securities and Exchange Commission (the "SEC") on February 22, 2024.

The forward-looking statements in this Quarterly Report on Form 10-Q are based upon information available to us as of the date of this Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

You should read this Quarterly Report on Form 10-Q and the documents that we reference in this Quarterly Report on Form 10-Q and have filed as exhibits to this Quarterly Report on Form 10-Q with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. These forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this Quarterly Report on Form 10-Q, whether as a result of any new information, future events or otherwise.

As used in this Quarterly Report on Form 10-Q, unless otherwise stated or the context requires otherwise, references to "Kaltura," the "Company," "we," "us," and "our," refer to Kaltura, Inc. and its subsidiaries on a consolidated basis.

PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

KALTURA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(U.S. dollars in thousands, except share and per share data)
(unaudited)

	June 30, 2024	December 31, 2023
	September 30, 2024	December 31, 2023
ASSETS		
CURRENT ASSETS:		
CURRENT ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents		
Cash and cash equivalents		
Cash and cash equivalents		
Marketable securities		
Trade receivables		
Prepaid expenses and other current assets		
Deferred contract acquisition and fulfillment costs, current		
<u>Total current assets</u>		
<u>Total current assets</u>		
<u>Total current assets</u>		
LONG-TERM ASSETS:		
LONG-TERM ASSETS:		
LONG-TERM ASSETS:		
Marketable securities		
Marketable securities		
Marketable securities		
Property and equipment, net		
Other assets, noncurrent		
Deferred contract acquisition and fulfillment costs, noncurrent		
Operating lease right-of-use assets		
Intangible assets, net		
Goodwill		
<u>Total noncurrent assets</u>		
<u>Total noncurrent assets</u>		
<u>Total noncurrent assets</u>		
TOTAL ASSETS		
TOTAL ASSETS		
TOTAL ASSETS		
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
CURRENT LIABILITIES:		
CURRENT LIABILITIES:		
Current portion of long-term loans		
Current portion of long-term loans		
Current portion of long-term loans		
Trade payables		
Employees and payroll accruals		
Accrued expenses and other current liabilities		
Operating lease liabilities, current		

Deferred revenue, current
<u>Total current liabilities</u>
<u>Total current liabilities</u>
<u>Total current liabilities</u>
LONG-TERM LIABILITIES:
LONG-TERM LIABILITIES:
LONG-TERM LIABILITIES:
Deferred revenue, noncurrent
Deferred revenue, noncurrent
Deferred revenue, noncurrent
Long-term loans, net of current portion
Operating lease liabilities, noncurrent
Other liabilities, noncurrent
<u>Total long-term liabilities</u>
<u>Total long-term liabilities</u>
<u>Total long-term liabilities</u>
TOTAL LIABILITIES
TOTAL LIABILITIES
TOTAL LIABILITIES

The accompanying notes are an integral part of the condensed consolidated financial statements

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KALTURA, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands, except share and per share data)

(unaudited)

	June 30, 2024	December 31, 2023
	September 30, 2024	December 31, 2023
COMMITMENTS AND CONTINGENCIES (NOTE 8)		
STOCKHOLDERS' EQUITY:		
STOCKHOLDERS' EQUITY:		
STOCKHOLDERS' EQUITY:		
Preferred stock, \$0.0001 par value per share, 20,000,000 shares authorized as of June 30, 2024 and December 31, 2023; 0 shares issued and outstanding as of June 30, 2024, and December 31, 2023		
Preferred stock, \$0.0001 par value per share, 20,000,000 shares authorized as of June 30, 2024 and December 31, 2023; 0 shares issued and outstanding as of June 30, 2024, and December 31, 2023		
Preferred stock, \$0.0001 par value per share, 20,000,000 shares authorized as of June 30, 2024 and December 31, 2023; 0 shares issued and outstanding as of June 30, 2024, and December 31, 2023		
Common stock \$0.0001 par value per share, 1,000,000,000 shares authorized as of June 30, 2024 and December 31, 2023; 156,956,711 and 150,274,107 shares issued as of June 30, 2024 and December 31, 2023, respectively; 149,204,916 and 142,588,917 outstanding as of June 30, 2024 and December 31, 2023, respectively		
Treasury stock – 7,751,795 and 7,685,190 shares of common stock, \$0.0001 par value per share, as of June 30, 2024 and December 31, 2023, respectively		
Preferred stock, \$0.0001 par value per share, 20,000,000 shares authorized as of September 30, 2024 and December 31, 2023; 0 shares issued and outstanding as of September 30, 2024, and December 31, 2023		
Preferred stock, \$0.0001 par value per share, 20,000,000 shares authorized as of September 30, 2024 and December 31, 2023; 0 shares issued and outstanding as of September 30, 2024, and December 31, 2023		
Preferred stock, \$0.0001 par value per share, 20,000,000 shares authorized as of September 30, 2024 and December 31, 2023; 0 shares issued and outstanding as of September 30, 2024, and December 31, 2023		
Common stock, \$0.0001 par value per share, 1,000,000,000 shares authorized as of September 30, 2024 and December 31, 2023; 159,090,120 and 150,274,107 shares issued as of September 30, 2024 and December 31, 2023, respectively; 149,646,001 and 142,588,917 shares outstanding as of September 30, 2024 and December 31, 2023, respectively		

Treasury stock – 9,444,119 and 7,685,190 shares of common stock, \$0.0001 par value per share, as of September 30, 2024 and December 31, 2023
Additional paid-in capital
Accumulated other comprehensive (loss) income
Accumulated other comprehensive income
Accumulated deficit
<u>Total stockholders' equity</u>
<u>Total stockholders' equity</u>
<u>Total stockholders' equity</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

The accompanying notes are an integral part of the condensed consolidated financial statements.

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KALTURA, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(U.S. dollars in thousands, except share and per share data)

(unaudited)

		Three Months Ended June 30,		Six Months Ended June 30,						
		Three Months Ended September 30,		Nine Months Ended September 30,						
		2024	2024	2023	2024	2023	2024	2023	2024	2023
Revenue:										
Revenue:										
Revenue:										
Subscription										
Subscription										
Subscription										
Professional services										
Total revenue										
Total revenue										
Total revenue										
Cost of revenue:										
Cost of revenue:										
Cost of revenue:										
Subscription										
Subscription										
Subscription										
Professional services										
Total cost of revenue										
Total cost of revenue										
Total cost of revenue										
Gross profit										
Gross profit										
Gross profit										
Operating expenses:										
Operating expenses:										
Operating expenses:										

Research and development
Research and development
Research and development
Sales and marketing
General and administrative
Restructuring
Total operating expenses
Total operating expenses
Total operating expenses
Operating loss
Operating loss
Operating loss
Financial expense (income), net
Financial expense (income), net
Financial expense (income), net
Financial income, net
Financial income, net
Financial income, net
Loss before provision for income taxes
Loss before provision for income taxes
Loss before provision for income taxes
Provision for income taxes
Provision for income taxes
Provision for income taxes
Net loss
Net loss
Net loss
Net loss per share attributable to common stockholders, basic and diluted
Net loss per share attributable to common stockholders, basic and diluted
Net loss per share attributable to common stockholders, basic and diluted
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted

The accompanying notes are an integral part of the condensed consolidated financial statements.

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KALTURA, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(U.S. dollars in thousands, except for share data)

(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,							
	Three Months Ended September 30,		Nine Months Ended September 30,							
	2024	2024	2023	2024	2023	2024	2023	2024	2023	2023
Net loss										
Net loss										
Net loss										

Other comprehensive income (loss):
Net unrealized gains (losses) on cash flow hedges
Net unrealized gains (losses) on cash flow hedges
Net unrealized gains (losses) on cash flow hedges
Net unrealized gains (losses) on available-for-sale marketable securities
Other comprehensive income (losses)
Net unrealized gains on available-for-sale marketable securities
Other comprehensive income (loss)
Comprehensive loss

The accompanying notes are an integral part of the condensed consolidated financial statements.

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<div>KALTURA, INC. AND SUBSIDIARIES</div> <div>CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY</div> <div>U.S. dollars in thousands (except share data)</div> <div>(unaudited)</div>												
Common stock	Common stock	Treasury stock	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity	Common stock	Treasury stock	Additional paid-in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Stockholders' equity
Number												
Balance as of April 1, 2024												
Balance as of July 1, 2024												
Balance as of April 1, 2024												
Balance as of July 1, 2024												
Balance as of April 1, 2024												
Balance as of July 1, 2024												
Stock-based compensation												
Stock-based compensation												
Stock-based compensation												
Repurchase of common stock												
Issuance of common stock upon exercise of stock options, and vesting of restricted stock units												
Other comprehensive losses												

Other comprehensive income

Net loss

Balance as of June 30, 2024

Balance as of June 30, 2024

Balance as of June 30, 2024

Balance as of September 30, 2024

Balance as of September 30, 2024

Balance as of September 30, 2024

	Common stock Number	Common stock	Treasury stock	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity	Common stock	Treasury stock	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Stockholders' equity
Balance as of April 1, 2023													
Balance as of July 1, 2023													
Balance as of April 1, 2023													
Balance as of July 1, 2023													
Balance as of April 1, 2023													
Balance as of July 1, 2023													
Stock-based compensation													
Stock-based compensation													
Stock-based compensation													
Issuance of common stock upon exercise of stock options, and vesting of restricted stock units													
Other comprehensive income													
Other comprehensive loss													
Net loss													

Balance as of
June 30, 2023

Balance as of
June 30, 2023

Balance as of
June 30, 2023

Balance as of
September 30,
2023

Balance as of
September 30,
2023

Balance as of
September 30,
2023

The accompanying notes are an integral part of the condensed consolidated financial statements.

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KALTURA, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

U.S. dollars in thousands (except share data)

(unaudited)

	Common stock	Common stock	Treasury stock	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity	Common stock	Treasury stock	Additional paid-in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Stockholders' equity
	Number												
Balance as of January 1, 2024													
Balance as of January 1, 2024													
Balance as of January 1, 2024													
Stock-based compensation													
Stock-based compensation													
Stock-based compensation													
Repurchase of common stock													
Issuance of common stock upon exercise of stock options, and vesting of restricted stock units													
Other comprehensive losses													
Other comprehensive loss													

Net loss

Balance as of
June 30, 2024

Balance as of
June 30, 2024

Balance as of
June 30, 2024

Balance as of
September 30,
2024

Balance as of
September 30,
2024

Balance as of
September 30,
2024

	Common stock Number	Common stock	Treasury stock	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity	Common stock	Treasury stock	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	stockholders' equity
Balance as of January 1, 2023													
Balance as of January 1, 2023													
Balance as of January 1, 2023													
Stock-based compensation													
Stock-based compensation													
Stock-based compensation													
Issuance of common stock upon exercise of stock options, and vesting of restricted stock units													
Other comprehensive income													
Other comprehensive loss													
Net loss													
Balance as of June 30, 2023													
Balance as of June 30, 2023													
Balance as of June 30, 2023													

Balance as of
September 30,
2023

Balance as of
September 30,
2023

Balance as of
September 30,
2023

The accompanying notes are an integral part of the condensed consolidated financial statements.

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KALTURA, INC. AND SUBSIDIARIES				
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS				
U.S. dollars in thousands				
(unaudited)				
	Six Months Ended June 30,		Nine Months Ended September 30,	
	2024	2024	2023	2023
Cash flows from operating activities:				
Net loss				
Net loss				
Net loss				
Adjustments to reconcile net loss to net cash used in operating activities:				
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation and amortization				
Depreciation and amortization				
Depreciation and amortization				
Stock-based compensation expenses				
Amortization of deferred contract acquisition and fulfillment costs				
Non-cash interest income, net				
Losses (Gain) on foreign exchange				
Gain on foreign exchange				
Changes in operating assets and liabilities:				
Decrease (Increase) in trade receivables				
Decrease (Increase) in trade receivables				
Decrease (Increase) in trade receivables				
Decrease in trade receivables				
Decrease in trade receivables				
Decrease in trade receivables				
Increase in prepaid expenses and other current assets and other assets, noncurrent				
Increase in deferred contract acquisition and fulfillment costs				
Increase in trade payables				
Increase (decrease) in accrued expenses and other current liabilities				
Increase (Decrease) in trade payables				
Increase in accrued expenses and other current liabilities				
Decrease in employees and payroll accruals				
Increase (Decrease) in other liabilities, noncurrent				
Decrease in deferred revenue				
Increase (Decrease) in deferred revenue				
Operating lease right-of-use assets and lease liabilities, net				
Net cash used in operating activities				
Net cash used in operating activities				

<u>Net cash used in operating activities</u>
<u>Net cash provided by (used in) operating activities</u>
<u>Net cash provided by (used in) operating activities</u>
<u>Net cash provided by (used in) operating activities</u>
<u>Cash flows from investing activities:</u>
<u>Cash flows from investing activities:</u>
<u>Cash flows from investing activities:</u>
Investment in available-for-sale marketable securities
Investment in available-for-sale marketable securities
Investment in available-for-sale marketable securities
Proceeds from maturities of available-for-sale marketable securities
Proceeds from sales and maturities of available-for-sale marketable securities
Purchases of property and equipment
Capitalized internal-use software
Investment in restricted bank deposit
<u>Net cash provided by investing activities</u>
<u>Net cash provided by investing activities</u>
<u>Net cash provided by investing activities</u>
<u>Net cash provided by (used in) investing activities</u>
<u>Net cash provided by (used in) investing activities</u>
<u>Net cash provided by (used in) investing activities</u>
<u>Cash flows from financing activities:</u>
<u>Cash flows from financing activities:</u>
<u>Cash flows from financing activities:</u>
Repayment of long-term loans
Repayment of long-term loans
Repayment of long-term loans
Proceeds from exercise of stock options
Payment of debt issuance costs
Repurchase of common stock
Payments on account of repurchase of common stock
<u>Net cash used in financing activities</u>
<u>Net cash used in financing activities</u>
<u>Net cash used in financing activities</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash
Effect of exchange rate changes on cash, cash equivalents and restricted cash
Effect of exchange rate changes on cash, cash equivalents and restricted cash
Net decrease in cash, cash equivalents and restricted cash
Net decrease in cash, cash equivalents and restricted cash
Net decrease in cash, cash equivalents and restricted cash
Net increase (decrease) in cash, cash equivalents and restricted cash
Net increase (decrease) in cash, cash equivalents and restricted cash
Net increase (decrease) in cash, cash equivalents and restricted cash
Cash, cash equivalents and restricted cash at the beginning of the period
Cash, cash equivalents and restricted cash at the end of the period
The accompanying notes are an integral part of the condensed consolidated financial statements.

KALTURA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
U.S. dollars in thousands
(unaudited)

	Six Months Ended June 30,		Nine Months Ended September 30,	
	2024	2024	2023	2023
<u>Supplemental disclosure of non-cash activity:</u>				
<u>Supplemental disclosure of non-cash activity:</u>				
<u>Supplemental disclosure of non-cash activity:</u>				
Purchase of property, equipment and internal-use software in credit				
Purchase of property, equipment and internal-use software in credit				
Purchase of property, equipment and internal-use software in credit				
Capitalized stock-based compensation cost				
Capitalized stock-based compensation cost				
Capitalized stock-based compensation cost				
Pending proceeds from option exercises				
Pending proceeds from option exercises				
Pending proceeds from option exercises				
Lease incentive recognized as leasehold improvements				
Lease incentive recognized as leasehold improvements				
Lease incentive recognized as leasehold improvements				
Capitalized stock-based compensation cost				
Capitalized stock-based compensation cost				
Capitalized stock-based compensation cost				
<u>Supplemental disclosure of cash flow information</u>				
<u>Supplemental disclosure of cash flow information</u>				
<u>Supplemental disclosure of cash flow information</u>				
Cash paid for income taxes, net				
Cash paid for income taxes, net				
Cash paid for income taxes, net				
Cash paid for interest				
Cash paid for interest				
Cash paid for interest				
<u>Reconciliation of cash, cash equivalents, and restricted cash to the consolidated balance sheet</u>				
<u>Reconciliation of cash, cash equivalents, and restricted cash to the consolidated balance sheet</u>				
<u>Reconciliation of cash, cash equivalents, and restricted cash to the consolidated balance sheet</u>				
Cash and cash equivalents				
Cash and cash equivalents				
Cash and cash equivalents				
Restricted cash included in other assets, noncurrent				
Total cash, cash equivalents, and restricted cash				
Total cash, cash equivalents, and restricted cash				
Total cash, cash equivalents, and restricted cash				

The accompanying notes are an integral part of the condensed consolidated financial statements.

KALTURA, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
U.S. dollars in thousands (except share and per share data)
(unaudited)

NOTE 1: GENERAL

Description of Business

Kaltura, Inc. (together with its subsidiaries, the "Company") was incorporated in October 2006 and commenced operations in January 2007. The Company's business operations are allocated between two main segments, Enterprise, Education, and Technology ("EE&T") and Media and Telecom ("M&T"). The Company has developed a platform for video creation, management, and collaboration. The Company's platform enables companies, educational institutions, and other organizations to cost-effectively launch advanced online video experiences, including for Over-the-top ("OTT") Television, Cloud TV, web video publishing, video-based teaching, learning and training, video-based marketing, and video-based collaboration. The Company's core offerings consist of various Software-as-a-Service ("SaaS") products and solutions and a Platform-as-a-Service ("PaaS").

NOTE 2: BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), and applicable rules and regulations of the Securities and Exchange Commission (the "SEC") regarding interim financial reporting.

The consolidated balance sheet as of December 31, 2023 was derived from the audited consolidated financial statements as of that date, but does not include all of the disclosures, including certain notes required by U.S. GAAP on an annual reporting basis. Certain information and note disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. Therefore, these unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes thereto as of and for the year ended December 31, 2023, included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on February 22, 2024.

In management's opinion, the unaudited condensed consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements with normal recurring adjustments necessary for the fair presentation of the Company's financial position as of **June 30, 2024** **September 30, 2024**, and the Company's consolidated results of operations, stockholders' equity, and cash flows for the three and **six nine** months ended **June 30, 2024** **September 30, 2024** and 2023. The results for the three and **six nine** months ended **June 30, 2024** **September 30, 2024**, are not necessarily indicative of the results to be expected for the full year ending December 31, 2024, or any other future interim or annual period.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The Company evaluates on an ongoing basis its assumptions, including those related to contingencies, income tax uncertainties, incremental borrowing rate for operating leases, fair value of financial assets and liabilities, including fair value of derivatives, fair value and useful life of intangible assets, as well as in estimates used in applying the revenue recognition policy. The Company bases these estimates on historical and anticipated results, trends and various other assumptions that it believes are reasonable under the circumstances, including assumptions as to future events. Actual results could differ from those estimates.

Concentration of Credit Risks

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, marketable securities, restricted cash and trade receivables.

KALTURA, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
U.S. dollars in thousands (except share and per share data)
(unaudited)

The majority of the Company's and its subsidiaries' cash and cash equivalents and restricted cash are invested with major banks in Israel, the United Kingdom and the United States. Such investments in the United States may be in excess of insured limits and are not insured in other jurisdictions. However, in general, these investments may be redeemed upon demand and therefore bear minimal risk.

The Company's trade receivables are geographically dispersed and derived from sales to customers mainly in the United States, Europe and Asia. Concentration of credit risk with respect to trade receivables is limited by credit limits, ongoing credit evaluation and account monitoring procedures.

Major customer data as a percentage of total revenues:

The following table sets forth customers that represented 10% or more of the Company's total revenue in each of the periods set forth below:

	Three Months Ended June 30,			Six Months Ended June 30,			Three Months Ended September 30,			Nine Months Ended September 30,		
	2024		2024	2023		2024	2023		2024	2023	2024	2023
Customer A (M&T)												

Customer A (M&T)	11.00 %	10.30 %	10.80 %	10.50 %	10.80 %	10.43 %	10.80 %	10.50 %
------------------	---------	---------	---------	---------	---------	---------	---------	---------

The Company's significant accounting policies are discussed in Note 2 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, which was filed with the SEC on February 22, 2024. There have been no significant changes to these policies during the six nine months ended June 30, 2024 September 30, 2024 except as noted below.

As an "emerging growth company," the Jumpstart Our Business Startups Act ("JOBS Act") allows the Company to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. The Company has elected to use this extended transition period under the JOBS Act. The adoption dates discussed below reflect this election.

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires to disclose significant segment expenses and other segment items on an annual and interim basis and provide in interim periods all disclosures about a reportable segment's profit or loss and assets that are currently required annually. The new standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of the adoption of this standard.

In December 2023, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2023-09, “Income Taxes - Improvements to Income Tax Disclosures” requiring enhancements and further transparency to certain income tax disclosures, most notably the tax rate reconciliation and income taxes paid. This ASU is effective for fiscal years beginning after December 15, 2024 on a prospective basis and retrospective application is permitted. The Company is currently evaluating the impact of the adoption of this standard.

	Three Months Ended June 30, 2023						Three Months Ended September 30, 2023		
	Enterprise, Education and Technology		Enterprise, Education and Technology		Media and Telecom		Enterprise, Education and Technology		Enterprise, Education and Technology
	Amount	Amount	Percentage of revenue	Amount	Amount	Amount	Percentage of revenue	Amount	Amount
Subscription									

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Six Months Ended June 30, 2023													
Enterprise, Education and Technology				Media and Telecom									
Nine Months Ended September 30, 2023													
Enterprise, Education & Technology				Media and Telecom									
	Amount			Amount		Percentage of revenue		Amount		Percentage of revenue		Amount	
Subscription													
Subscription													
Subscription		\$60,132	96.2		96.2	%		\$20,984	85.1	%		\$90,175	96.4
Professional services		2,356	3.8		3.8	%		3,681	14.9	%	Professional services	3,408	3.6
	\$												
	\$												
	\$	62,488	100		100	%	\$	24,665	100		100	%	\$37,1

Timeline diagram showing the period from 2023 to 2024. The timeline is divided into two main sections: "Three Months Ended June 30, 2024" and "Three Months Ended September 30, 2024". The first section is highlighted in pink and the second in green.

		Amount		Amount	Percentage of revenue		Amount		Percentage of revenue		Amount	
United States ("US")	United States ("US")											
	United States ("US")											
	United States ("US")		\$23,547	53.5	53.5 %		\$22,902	52.2	52.2 %		\$23,899	54.0
Europe, the Middle East and Africa ("EMEA")	Europe, the Middle East and Africa ("EMEA")		16,884	38.3	38.3 %		16,599	37.8	37.8 %		16,157	36.5
	Europe, the Middle East and Africa ("EMEA")											
	Other		3,601	8.2	8.2 %		4,379	10.0	10.0 %		4,239	9.5
		\$										
		\$										
		\$	44,032	100	100 %	\$	43,880	100	100 %	\$	44,295	100
												\$43,542

		Six Months Ended June 30,						Nine Months Ended September 30,										
		2024				2024				2023				2024				
		Amount		Amount		Percentage of revenue		Amount		Percentage of revenue				Amount		Percentage of revenue		
US	US																	
	US																	
	US		\$46,737		52.6 %				\$45,973		52.7 %							
	EMEA		34,404		38.7 %				32,523		37.3 %							
United States ("US")	United States ("US")																	
	United States ("US")																	
	United States ("US")																	
	United States ("US")		\$70,752		53.2 %				\$68,355		52.3 %							
Europe, the Middle East and Africa ("EMEA")	Europe, the Middle East and Africa ("EMEA")																	
	Europe, the Middle East and Africa ("EMEA")		50,561		38.0 %				48,461		37.1 %							
	Europe, the Middle East and Africa ("EMEA")																	
	Other	Other		7,672	8.7		8.7 %		8,657	10.0		10.0 %		Other		11,795	8.8	8.8 %
		\$																
		\$																
		\$	88,813	100	100	%	\$87,153	100		100	%	133,108	100		100	%	\$130,694	100

Remaining Performance Obligations

Remaining performance obligations represent the amount of contracted future revenue that has not yet been recognized, including both deferred revenue and contracted amounts that will be invoiced and recognized as revenue in future periods. As of **June 30, 2024** **September 30, 2024**, the aggregate amount of the transaction price allocated to remaining performance obligations was **\$177,751**, **\$187,846**, which consists of both billed consideration in the amount of **\$55,538** **\$63,292** and unbilled consideration in the amount of **\$122,213** **\$124,554** that the Company expects to recognize as revenue but that was not yet recognized on the balance sheet. The Company expects to recognize **60%** **59%** of its remaining performance obligations as revenue over the next 12 months and the remainder thereafter.

KALTURA, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
U.S. dollars in thousands (except share and per share data)
(unaudited)

Costs to Obtain a Contract

The following table represents a roll forward of costs to obtain a contract:

	Three Months Ended June 30,		Six Months Ended June 30,					
	Three Months Ended September 30,		Nine Months Ended September 30,					
	2024	2024	2023	2024	2023	2024	2023	2023
Beginning balance								
Beginning balance								
Beginning balance								
Additions to deferred contract acquisition costs during the period								
Amortization of deferred contract acquisition costs								
Ending balance								
Ending balance								
Ending balance								
Deferred contract acquisition costs, current								
Deferred contract acquisition costs, current								
Deferred contract acquisition costs, current								
Deferred contract acquisition costs, noncurrent								
Total deferred costs to obtain a contract								
Total deferred costs to obtain a contract								
Total deferred costs to obtain a contract								

Costs to Fulfill a Contract

The following table represents a roll forward of costs to fulfill a contract:

	Three Months Ended June 30,		Six Months Ended June 30,					
	Three Months Ended September 30,		Nine Months Ended September 30,					
	2024	2024	2023	2024	2023	2024	2023	2023
Beginning balance								
Beginning balance								
Beginning balance								
Additions to deferred costs to fulfill a contract during the period								
Amortization of deferred costs to fulfill a contract								
Ending balance								
Ending balance								
Ending balance								
Deferred fulfillment costs, current								
Deferred fulfillment costs, current								
Deferred fulfillment costs, current								
Deferred fulfillment costs, noncurrent								
Total deferred costs to fulfill a contract								
Total deferred costs to fulfill a contract								
Total deferred costs to fulfill a contract								

NOTE 4: MARKETABLE SECURITIES

The following is a summary of available-for-sale marketable securities as of **June 30, 2024** **September 30, 2024** and December 31, 2023:

	June 30, 2024					September 30, 2024			
	Amortized Cost	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale – matures within one year:									
Corporate bonds									
Corporate bonds									
Corporate bonds									
Agency bonds									
U.S. Treasury									
Commercial paper									
Agency bonds									
									34,074
									40,805
Available-for-sale – matures after one year:									
Available-for-sale – matures after one year:									
Available-for-sale – matures after one year:									
Corporate bonds									
Corporate bonds									
Corporate bonds									
U.S. Treasury									2,959
Agency bonds									2,229
Total									
Total									
Total									

	December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale – matures within one year:				
Corporate bonds	\$ 6,985	\$ 4	\$ —	\$ 6,989
U.S. Treasury	8,795	17	—	8,812
Commercial paper	8,855	—	(5)	8,850
Agency bonds	8,037	9	(5)	8,041
	32,672	30	(10)	32,692
Available-for-sale – matures after one year:				
Corporate bonds	2,944	14	—	2,958
U.S. Treasury	2,869	17	—	2,886
	5,813	31	—	5,844
Total	\$ 38,485	\$ 61	\$ (10)	\$ 38,536

As of **June 30, 2024** **September 30, 2024** and December 31, 2023, the Company did not record an allowance for credit losses for its available-for-sale marketable debt securities and **the vast majority** all of the gross unrealized losses of the Company's marketable securities have been in a continuous loss position for less than 12 months. There were no gains or losses from available-for-sale marketable securities that were reclassified out of accumulated other comprehensive **loss income** during the periods presented.

KALTURA, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
U.S. dollars in thousands (except share and per share data)
(unaudited)

NOTE 5: FAIR VALUE MEASUREMENTS

In accordance with ASC 820, the Company measures its cash equivalents and marketable securities at fair value using the market approach valuation technique. Cash equivalents and marketable securities are classified within Level 1 or Level 2 because these assets are valued using quoted market prices or alternative pricing sources and models utilizing market observable inputs. Foreign currency derivative contracts are classified within the Level 2 value hierarchy, as the valuation inputs are based on quoted prices and market observable data of similar instruments.

The following table sets forth the Company's assets and liabilities that were measured at fair value as of **June 30, 2024**, **September 30, 2024** and December 31, 2023 by level within the fair value hierarchy:

Description	Description	Fair Value Measurements As Of		Description	Fair Value Measurements As Of		Fair Value Measurements As Of
		Fair Value Hierarchy	June 30, 2024	December 31, 2023	Fair Value Hierarchy	September 30, 2024	December 31, 2023
Measured at fair value on a recurring basis:							
Measured at fair value on a recurring basis:							
Measured at fair value on a recurring basis:							
Assets:							
Assets:							
Assets:							
Cash equivalents:							
Cash equivalents:							
Cash equivalents:							
Money market funds							
Money market funds							
Money market funds							
Short-term marketable securities:							
Short-term marketable securities:							
Short-term marketable securities:							
Corporate bonds							
Corporate bonds							
Corporate bonds							
U.S. Treasury							
Commercial paper							
Agency bonds							
Long-term marketable securities:							
Long-term marketable securities:							
Long-term marketable securities:							
Corporate bonds							
Corporate bonds							
Corporate bonds							
U.S. Treasury							
Agency bonds							
Prepaid expenses and other current assets:							
Prepaid expenses and other current assets:							
Prepaid expenses and other current assets:							
Restricted bank deposits							
Restricted bank deposits							

Restricted bank deposits
Options and forward contracts designated as hedging instruments
Other assets, noncurrent:
Other assets, noncurrent:
Other assets, noncurrent:
Restricted bank deposit
Restricted bank deposit
Restricted bank deposit
Liabilities:
Liabilities:
Liabilities:
Derivative instruments liability included in accrued expenses and other current liabilities:
Derivative instruments liability included in accrued expenses and other current liabilities:
Derivative instruments liability included in accrued expenses and other current liabilities:
Options and forward contracts designated as hedging instruments
Options and forward contracts designated as hedging instruments
Options and forward contracts designated as hedging instruments

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KALTURA, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

(unaudited)

NOTE 6: DERIVATIVES AND HEDGING

The Company entered into forward, put and call option contracts to hedge certain forecasted payroll costs denominated in NIS against exchange rate fluctuations of the U.S. dollar for a period of up to twelve months. The Company recorded the cash flows associated with these derivatives under operating activities. The Company does not use derivative instruments for trading or speculative purposes.

Notional Amount of Foreign Currency Contracts

The Company had outstanding contracts designated as hedging instruments in the aggregate notional amount of \$23,001\$31,328 as of September 30, 2024 and \$15,093 as of June 30, 2024 and December 31, 2023, respectively. The fair value of the Company's outstanding contracts amounted to a liability of \$337\$80 as of June 30, 2024September 30, 2024 and to an asset of \$311 and \$998 as of September 30, 2024 and December 31, 2023, , respectively. These liabilities and assets were recorded under accrued expenses and other current liabilities and prepaid expenses and other current assets, respectively. GainLosses of \$145, \$811\$110 and losses of \$693, \$1,198\$427 were reclassified from accumulated other comprehensive losses during the three and six months ended June 30, 2024September 30, 2024, and 2023, respectively. Such gainsGains of \$702 and losses of \$1,599 were reclassified from accumulated other comprehensive losses during the nine months ended September 30, 2024 and 2023, respectively. These losses and gains were reclassified from accumulated other comprehensive loss when the related expenses were incurred.

Effect of Foreign Currency Contracts on the Condensed Consolidated Statements of Operations

The effect of foreign currency contracts on the condensed consolidated statements of operations during the three and six nine months ended June 30, 2024September 30, 2024 and 2023 were as follows:

Condensed Statement of Operations Location:	Condensed Statement of Operations Location:	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Condensed Statement of Operations Location:	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Cost of revenue										
Cost of revenue										
Cost of revenue										
Research and development										

Sales and marketing
General and administrative
Restructuring
Total
Total
Total

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KALTURA, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

(unaudited)

NOTE 7: LEASES

The Company leases its office facilities under non-cancelable agreements that expire at various dates through November 2027. The Company has a lease agreement for offices in Israel which includes two extension options for five years each. The Company estimates that it is reasonably certain that it will exercise the option for the first extension period. Therefore, for the purposes of determining the amount of the expense and the value of the right of use asset and lease liability according to ASC 842, the Company determined that the lease term would end in November 2032.

Components of operating lease expense were as follows:

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Operating lease cost				
Operating lease cost				
Operating lease cost				
Short-term lease cost				
Variable lease cost				
Total				
Total				
Total				

Supplementary cash flow information related to operating leases was as follows:

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Cash paid for operating leases				
Cash paid for operating leases				
Cash paid for operating leases				

As of June 30, 2024September 30, 2024, the weighted-average discount rate is 4.58%4.6% and the weighted-average remaining term is 7.70approximately 7 years. Maturities of the Company's operating lease liabilities as of June 30, 2024September 30, 2024 were as follows:

Year Ending December 31,
2024 (Remainder)
2024 (Remainder)
2024 (Remainder)
2025
2026

2027
2028
2029
2030 and thereafter
Total operating lease payments
Less: imputed interest
Total operating lease liabilities

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KALTURA, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

(unaudited)

NOTE 8: COMMITMENTS AND CONTINGENCIES

Purchase Commitments

The Company has entered into various non-cancelable agreements with third-party providers for use of mainly cloud and other services, under which it committed to minimum and fixed purchases through the year ending December 31, 2026. The following table presents details of the aggregate future non-cancelable purchase commitments under such agreements as of June 30, 2024 September 30, 2024:

Year Ending December 31,
2024 (Remainder)
2024 (Remainder)
2024 (Remainder)
2025
2026
Total purchase commitment
Total purchase commitment
Total purchase commitment

During the six nine months ended June 30, 2024 September 30, 2024, the Company has accelerated expenses in the amount of \$1,312 related to its minimum commitment with one of its cloud hosting service due to the Company's decision not to utilize the provider's cloud service. Such expenses were recorded under general and administrative expenses in the consolidated statement of operations.

Litigation

The Company is occasionally a party to claims or litigation in the normal course of the business. The Company does not believe that it is a party to any pending legal proceeding that is likely to have a material adverse effect on its business, financial condition, or results of operations.

NOTE 9: CONDENSED CONSOLIDATED BALANCE SHEET COMPONENTS

Prepaid expenses and other current assets

Prepaid expenses and other current assets consisted of the following:

	June 30, 2024	December 31, 2023
	September 30, 2024	December 31, 2023
Prepaid expenses		
Prepaid expenses		
Prepaid expenses		
Government institutions		
Restricted bank deposits		
Derivative instrument		
Restricted bank deposits		
Other current assets		
	\$	
	\$	

\$

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KALTURA, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
U.S. dollars in thousands (except share and per share data)
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Property and Equipment, net

Composition of property and equipment is as follows:

	June 30, 2024	December 31, 2023
	September 30, 2024	December 31, 2023
<u>Cost:</u>		
Computers and peripheral equipment		
Computers and peripheral equipment		
Computers and peripheral equipment		
Office furniture and equipment		
Leasehold improvements		
Finance leases of computers and peripheral equipment		
Internal use software		
	27,558	
	27,558	
	27,558	
	27,683	
	27,683	
	27,683	
Accumulated depreciation		
Accumulated depreciation		
Accumulated depreciation		
Depreciated cost		
Depreciated cost		
Depreciated cost		

Depreciation expenses for the three months ended **June 30, 2024** **September 30, 2024** and 2023, and for the **six nine** months ended **June 30, 2024** **September 30, 2024** and 2023 were **\$1,161, \$998, \$2,343** **\$1,134, \$1,128, \$3,477** and **\$1,840, \$2,973**, respectively.

Other assets, noncurrent

	June 30, 2024	December 31, 2023
	September 30, 2024	December 31, 2023
Restricted cash		
Restricted cash		
Restricted cash		
Severance pay fund		
Restricted deposit		
Other		
	\$	
	\$	
	\$	

Accrued expenses and other current liabilities

	June 30, 2024	December 31, 2023
	September 30, 2024	December 31, 2023
Accrued expenses		
Accrued expenses		
Accrued expenses		
Accrued taxes		
Derivative instruments		
Other current liabilities		
	\$	
	\$	
	\$	

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KALTURA, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

(unaudited)

NOTE 10: GOODWILL AND INTANGIBLE ASSETS

There **was** **were** no **impairment charges to** goodwill **activity** during the periods presented.

The carrying amounts and accumulated amortization expenses of the intangible assets, as of **June 30, 2024** **September 30, 2024** and December 31, 2023, were as follows:

	June 30, 2024	December 31, 2023						
	September 30, 2024	December 31, 2023						
	Weighted average remaining useful life (in years)	Weighted average remaining useful life (in years)	Balance	Balance		Weighted average remaining useful life (in years)	Balance	Balance
Gross carrying amount:								
Technology								
Technology								
Technology								
Customer relationship								
	7,119							
	7,119							
	7,119							
Accumulated amortization and impairments:								
Technology								
Technology								
Technology								
Customer relationship								
	(6,667)							
	(6,667)							
	(6,667)							
	(6,787)							
	(6,787)							
	(6,787)							
Intangible assets, net								
Intangible assets, net								
Intangible assets, net								

During the three months ended **June 30, 2024** **September 30, 2024** and 2023, and the **six nine** months ended **June 30, 2024** **September 30, 2024** and 2023, the Company recorded amortization expenses in the amount of **\$118, \$148, \$237** **\$120, \$120, \$357** and **\$315, \$436**, respectively, included in cost of revenue and sales and marketing expenses in the consolidated statements of operations.

The estimated future amortization expense of intangible assets as of **June 30, 2024** **September 30, 2024**, is as follows:

Year Ending December 31,

2024 (Remainder)	
2024 (Remainder)	
2024 (Remainder)	
2025	
2026	
2027	
	\$
	\$
	\$

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NOTE 11: INCOME TAXES

The Company recognized an income tax expense of **\$2,464, \$2,383, \$4,772** **\$1,304, \$2,507, \$6,076** and **\$5,003 \$7,510** for the three and **six nine** months ended **June 30, 2024, September 30, 2024** and 2023, respectively. The tax expense for these periods was primarily attributable to pre-tax foreign earnings. The Company's effective tax rates of **(33) (57)%**, **(28) (31)%**, **(29) (33)%** and **(27) (28)%** for the three and **six nine** months ended **June 30, 2024** **September 30, 2024** and 2023, respectively, differ from the U.S. statutory tax rate primarily due to U.S. losses for which there is no benefit and the tax rate differences between the U.S. and foreign countries.

The Company has a full valuation allowance on its deferred tax assets. Deferred tax liability is from indefinite life goodwill intangibles. Management currently believes that it is more likely than not that the deferred tax regarding the tax loss carry forwards and other temporary differences will not be realized in the foreseeable future in the U.S.

NOTE 12: NET LOSS PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS

The following table sets forth the computation of basic and diluted net loss per share attributable to common stockholders for the periods presented:

			Three Months Ended June 30,		Six Months Ended June 30,												
			Three Months Ended September 30,		Nine Months Ended September 30,												
	2024		2024		2023		2024		2023		2024		2023		2024		2023
Numerator:																	
Numerator:																	
Numerator:																	
Net loss																	
Net loss																	
Net loss																	
Total loss attributable to common stockholders																	
Total loss attributable to common stockholders																	
Total loss attributable to common stockholders																	
Denominator:																	
Denominator:																	
Denominator:																	

Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted

Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted

Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	147,607,504	136,782,051	145,939,847	135,939,680	149,306,274	139,186,364	147,074,320	137,033,800
Net loss per share attributable to common stockholders, basic and diluted								
Net loss per share attributable to common stockholders, basic and diluted								
Net loss per share attributable to common stockholders, basic and diluted								

Instruments potentially exercisable for common stock that were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented because including them would have been anti-dilutive are as follows:

	As of June 30,		As of September 30,	
	2024	2023	2024	2023
Outstanding stock options and RSUs				
Outstanding stock options and RSUs				
Outstanding stock options and RSUs		32,080,690		36,370,904
Total				
Total				
Total		35,790,142		39,020,539

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NOTE 13: REPORTABLE SEGMENTS AND GEOGRAPHICAL INFORMATION

Reportable segments

ASC 280, Segment Reporting, establishes standards for reporting information about operating segments. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company's chief operating decision maker ("CODM") is its Chief Executive Officer. The Company's CODM does not regularly review asset information by segments and, therefore, the Company does not report asset information by segment.

The Company organizes its operations in two segments: Enterprise, Education and Technology and Media and Telecom. The Enterprise, Education and Technology segment represents products related to industry solutions for education customers, and media services (except for Media and Telecom customers). The Media and Telecom segment primarily represents TV solutions that are sold to media and telecom operators.

The measurement of the reportable operating segments is based on the same accounting principles applied in these financial statements, which includes certain corporate overhead allocations.

	Three Months Ended June 30, 2024				Three Months Ended September 30, 2024		
	Enterprise, Education and Technology	Enterprise, Education and Technology	Media and Telecom	Total	Enterprise, Education and Technology	Media and Telecom	Total
Revenue							
Revenue							
Revenue							
Revenue							

Revenue
Revenue
Revenue
Revenue
Revenue
Revenue
Revenue
Revenue
Revenue
Revenue
Revenue
Revenue
Revenue
Revenue
Revenue
Revenue
Gross profit
Gross profit
Gross profit
Operating expenses
Operating expenses
Operating expenses
Financial income, net
Provision for income taxes
Net loss
Net loss
Net loss

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	Three Months Ended June 30, 2023				Three Months Ended September 30, 2023		
	Enterprise, Education and Technology	Enterprise, Education and Technology	Media and Telecom	Total	Enterprise, Education and Technology	Media and Telecom	Total
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							

Revenue
Revenue
Revenue
Revenue
Revenue
Revenue
Revenue
Revenue
Revenue
Revenue
Gross profit
Gross profit
Gross profit
Operating expenses
Operating expenses
Operating expenses
Financial income, net
Provision for income taxes
Net loss
Net loss
Net loss

	Six Months Ended June 30, 2024				Nine Months Ended September 30, 2024		
	Enterprise, Education and Technology	Enterprise, Education and Technology	Media and Telecom	Total	Enterprise, Education and Technology	Media and Telecom	Total
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Gross profit							
Gross profit							
Gross profit							
Operating expenses							
Operating expenses							

Operating expenses

Financial income, net

Provision for income taxes

Net loss

Net loss

Net loss

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	Six Months Ended June 30, 2023				Nine Months Ended September 30, 2023		
	Enterprise, Education and Technology	Enterprise, Education and Technology	Media and Telecom	Total	Enterprise, Education and Technology	Media and Telecom	Total
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Revenue							
Gross profit							
Gross profit							
Gross profit							
Operating expenses							
Operating expenses							
Operating expenses							
Financial income, net							
Provision for income taxes							
Net loss							
Net loss							
Net loss							

Geographical information

See Note 3 for disaggregated revenue by geographic region.

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KALTURA, INC. AND SUBSIDIARIES

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NOTE 14: LONG-TERM LOAN

In January 2021, the Company refinanced all amounts outstanding under the then-existing loan agreements, terminated all outstanding commitments, and entered into a new credit agreement (the "Credit Agreement") with an existing lender, which provides for a new senior secured term loan facility in the aggregate principal amount of \$40,000 (the "Term Loan Facility") and a new senior secured revolving credit facility in the aggregate principal amount of \$10,000 (the "Revolving Credit Facility" and, together with the Term Loan Facility, the "Credit Facilities"), which subsequently and has been amended according to the Company's needs and other developments.

In May 2023, the Company entered into an amendment (the "Fourth Amendment") to the then-existing Credit Agreement to replace the London Interbank Offered Rate ("LIBOR") with the Secured Overnight Financing Rate ("SOFR") as the benchmark rate under the Credit Agreement. Prior to the Fourth Amendment, borrowings under the Credit Agreement would bear interest, at the Company's election, at (a) the Eurodollar Rate (as defined in the Credit Agreement as in effect prior to the Fourth Amendment) plus a margin of 3.50% or (b) Alternative Base Rate ("ABR") (as defined in the Credit Agreement) plus a margin of 2.50%.

In December 2023, the Company entered into a new amendment to the then-existing Credit Agreement (the "Fifth Amendment"), which provides for a new term loan facility in the aggregate principal amount of \$35,000, while the commitments under the Revolving Credit Facility decreased to \$25,000.

In July 2024, after the balance sheet date, the Company entered into a new amendment to the then-existing Credit Agreement in connection with our Repurchase Program (as defined below), which updated the aggregate amount of permitted Restricted Payments (as defined in the Credit Agreement; which term includes, among others, repurchase of the Company's outstanding common stock) and conditions for making such payments (see Note 15 for further information).

Following the effectiveness of the Fifth Amendment, borrowings under the Credit Facilities are subject to interest, determined as follows: (a) SOFR loans accrue interest at a rate per annum equal to Term SOFR (as defined in the Credit Agreement) plus 0.10% per annum plus a margin of 2.50% (the Adjusted Term SOFR (as defined in the Credit Agreement) is subject to a 1.00% floor), and (b) ABR loans accrue interest at a rate per annum equal to the ABR plus a margin of 1.50% (ABR is equal to the highest of (i) the prime rate and (ii) the Federal Funds Effective Rate plus 0.50%, subject to a 2.00% floor). As of June 30, 2024 September 30, 2024, the current rate of interest under the Credit Facilities was equal to a rate per annum of 7.93% 7.23%, consisting of 5.33% 4.96% (the 3-month SOFR rate as of June 27, 2024 September 30, 2024), 0.10% credit spread adjustment and the margin of 2.5% 2.50%.

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The Term Loan Facility is payable in consecutive quarterly installments on the last day of each fiscal quarter in an amount equal to (i) \$438 for installments payable on December 31, 2023 (deferred to January 9, 2024) through September 30, 2024, (ii) \$656 for installments payable on December 31, 2024 through September 30, 2025, and (iii) \$1,313 for installments payable on and after December 31, 2025. The remaining unpaid balance on the Term Loan Facility is due and payable on December 21, 2026, together with accrued and unpaid interest on the principal amount to be paid to, but excluding, the payment date. Amounts outstanding under the Credit Facilities may be voluntarily prepaid at any time and from time to time, in whole or in part, without premium or penalty.

Under the terms of the Credit Facilities, the Company is obligated to maintain compliance with certain covenants as defined therein. As of June 30, 2024 September 30, 2024, the Company met these covenants.

The aggregate principal annual maturities according to the Credit Facilities agreements are as follows:

Year Ending December 31,

2024 (Remainder)	
2024 (Remainder)	
2024 (Remainder)	
2025	
2026	
	\$
	\$
	\$

The carrying amounts of the loans approximate their fair value.

KALTURA, INC. AND SUBSIDIARIES
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NOTE 15: STOCKHOLDERS' EQUITY AND EQUITY INCENTIVE PLANS

Equity Incentive Plans

On January 1, 2024, the number of shares of common stock authorized for issuance under the 2021 Incentive Award Plan (the "2021 Plan") automatically increased by 7,129,446 shares pursuant to the terms of the 2021 Plan.

Stock Options

A summary of the Company's stock option activity with respect to options granted under the 2021 Plan is as follows:

	Number of Options	Weighted Average exercise price	Weighted remaining contractual term (years)	Aggregate Intrinsic Value	Number of Options	Weighted Average exercise price	Weighted remaining contractual term (years)	Aggregate Intrinsic Value
Outstanding as of January 1, 2024								
Granted								
Granted								
Granted								
Exercised								
Exercised								
Exercised								
Forfeited								
Outstanding as of June 30, 2024								
Outstanding as of September 30, 2024								
Outstanding as of June 30, 2024								
Outstanding as of September 30, 2024								
Outstanding as of June 30, 2024								
Outstanding as of September 30, 2024								
Exercisable options at end of the period								
Exercisable options at end of the period								
Exercisable options at end of the period								

RSUs

The following table summarizes the RSU activity with respect to the 2021 Plan for the nine months ended September 30, 2024:

	RSUs Outstanding	Weighted Average Grant Date Fair Value per Share
Outstanding as of December 31, 2023	11,199,265	\$2.24
RSUs granted	13,616,089	\$1.45
RSUs vested	(8,002,903)	\$2.12
RSUs forfeited	(2,080,340)	\$1.96
Unvested and Outstanding as of September 30, 2024	14,732,111	\$1.63

KALTURA, INC. AND SUBSIDIARIES
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RSUs

The following table summarizes the RSU activity with respect to the 2021 Plan for the six months ended June 30, 2024:

	RSUs Outstanding	Weighted Average Grant Date Fair Value per Share
Outstanding as of December 31, 2023	11,199,265	\$2.24
RSUs granted	13,616,089	\$1.45
RSUs vested	(5,932,858)	\$2.12
RSUs forfeited	(744,893)	\$2.24
Unvested and Outstanding as of June 30, 2024	18,137,603	\$1.69

Stock-Based Compensation Expense

The stock-based compensation expense by line item in the accompanying consolidated statement of operations is summarized as follows:

	Three Months Ended June 30,	Six Months Ended June 30,							
	Three Months Ended September 30,	Nine Months Ended September 30,							
	2024	2024	2023	2024	2023	2024	2023	2024	2023
Cost of revenue									
Cost of revenue									
Cost of revenue									
Research and development									
Sales and marketing									
General and administrative									
Total expenses									
Total expenses									
Total expenses									

As of **June 30, 2024** **September 30, 2024**, there were **\$28,355** **\$20,126** of total unrecognized compensation **cost** **costs** related to non-vested stock-based compensation arrangements granted under the Company's equity incentive plans. These costs are expected to be recognized over a weighted-average period of **approximately 1.5** **1.67** years.

Shares Reserved for Future Issuance

The Company has the following common stock reserved for future issuance under the 2021 Plan:

	June September 30, 2024
Outstanding options	17,652,539 17,348,579
Outstanding RSUs	18,137,603 14,732,111
Shares reserved under 2021 Plan	2,310,160 3,886,203
Total	38,100,302 35,966,893

Stock Repurchase Program

KALTURA, INC. AND SUBSIDIARIES

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On June 11, 2024, the Company's board of directors authorized a stock repurchase program of the Company's outstanding common stock for up to \$5,000 of the Company's common stock (the "Repurchase Program"). Under the Repurchase Program, the Company may make repurchases, from time to time, through open market purchases, block trades, in privately negotiated transactions, accelerated stock repurchase transactions, or by other means. The Company may also, from time to time, enter into Rule 10b5-1 plans to facilitate repurchases under this authorization. The volume, timing, and manner of any repurchases will be determined at the Company's discretion, subject to general market conditions, as well as the Company's management of capital, general business conditions, other investment opportunities, regulatory requirements and other factors. The Repurchase Program does not obligate the Company to repurchase any specific amount of common stock, has no time limit, and may be modified, suspended, or discontinued at any time without notice at the discretion of the Board of Directors.

During the three months ended June 30, 2024 September 30, 2024, the Company repurchased 66,605 1,692,324 shares of common stock at an average price of \$1.24 per share (excluding broker and transaction fees of \$2) \$53). As of June 30, 2024 September 30, 2024, the Company had remaining authorization under the Repurchase Program to repurchase common stock up to an aggregate amount of \$4,918, \$2,820, subject to satisfying required conditions under the Companies Law and Companies Regulations.

KALTURA, INC. AND SUBSIDIARIES

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NOTE 16: SELECTED STATEMENTS OF OPERATIONS DATA

	Three Months Ended June 30,		Six Months Ended June 30,						
	Three Months Ended September 30,		Nine Months Ended September 30,						
	2024	2024	2023	2024	2023	2024	2023	2024	2023
Financial income:									
Financial income:									
Financial income:									
Interest income									
Interest income									
Interest income									
Foreign currency translation adjustments, net									
	1,858								
	1,858								
	1,858								
	2,989								
	2,989								
	2,989								
Financial expenses:									
Foreign currency translation adjustments, net									
Bank fees									
Foreign currency translation adjustments, net									
Bank fees									
Foreign currency translation adjustments, net									
Bank fees									
Interest expense									
Other									
	848								
	848								
	848								
	829								
	829								

	829
Financial expense (income), net	
Financial expense (income), net	
Financial expense (income), net	
Financial income, net	
Financial income, net	
Financial income, net	

NOTE 17: ACCUMULATED OTHER COMPREHENSIVE LOSS INCOME

The following tables summarize table summarizes the changes in accumulated other comprehensive income (loss) by component, net of tax (AOCI), during the six nine months ended June 30, 2024 September 30, 2024 and 2023:

	Net Unrealized Gains on Available-for-Sale Securities Instruments	Net Unrealized Gains (Losses) on Derivatives Designated as Hedging Instruments	Total
Balance as of December 31, 2023;	\$ 49	\$ 998	\$ 1,047
Other comprehensive income (loss) before reclassifications	18	(66)	(48)
Net realized gains reclassified from accumulated other comprehensive income	—	(702)	(702)
Other comprehensive income (loss)	18	(768)	(750)
Balance as of September 30, 2024	\$ 67	\$ 230	\$ 297

The following table summarizes the changes in accumulated other comprehensive loss (income) by component, net of tax, during the nine months ended September 30, 2023.

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	Net Unrealized Gains (Losses) on Available-for-Sale Securities Instruments	Net Unrealized Gains (Losses) on Derivatives Designated as Hedging Instruments	Total
Balance as of December 31, 2023;	\$ 49	\$ 998	\$ 1,047
Other comprehensive loss before reclassifications	(95)	(523)	(618)
Net realized losses reclassified from accumulated other comprehensive income	—	(812)	(812)
Other comprehensive loss	(95)	(1,335)	(1,430)
Balance as of June 30, 2024	\$ (46)	\$ (337)	\$ (383)

	Net Unrealized Losses on Available-for-Sale Securities Instruments	Net Unrealized Losses on Derivatives Designated as Hedging Instruments	Total
	Net Unrealized Gains (Losses) on Available-for-Sale Securities Instruments	Net Unrealized Gains (Losses) on Derivatives Designated as Hedging Instruments	Total
Balance as of December 31, 2022;			
Balance as of December 31, 2022;			
Balance as of December 31, 2022;			
Other comprehensive income (loss) before reclassifications			
Net realized losses reclassified from accumulated other comprehensive income			

Other comprehensive income (loss)

Balance as of June 30, 2023

Balance as of September 30, 2023

Item 2. 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 our condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on February 22, 2024 (the "2023 10-K"). This discussion contains forward-looking statements based upon current plans, expectations and beliefs involving risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in Part I, Item 1A, "Risk Factors" of our 2023 10-K and elsewhere in this Quarterly Report on Form 10-Q.

Overview

Our mission is to power any video experience, for any organization. Our Video Experience Cloud powers live, real-time, and on-demand video for webinars, events, virtual classrooms, and video sites. We also offer robust Application Programming Interfaces ("APIs") and industry solutions predominantly for education and media and telecom. Our Video Experience Cloud is used by leading brands across all industries, reaching millions of users, at home, at school and at work, for communication, collaboration, marketing, sales, customer care, learning, and entertainment experiences. With our flexible offerings, customers can experience the benefits of video across a wide range of use cases, while customizing their deployments to meet their individual, dynamic needs.

Our business was founded in 2006.

We generate revenue primarily through the sale of Software-as-a-Service ("SaaS") and Platform-as-a-Service ("PaaS") subscriptions, and additional revenue from term license subscriptions. We also generate revenue through the sale of professional services associated with the implementation of deployments for new and existing customers.

We organize our business into two reporting segments: (i) Enterprise, Education, and Technology ("EE&T"); and (ii) Media and Telecom ("M&T"). These segments share a common underlying platform consisting of our API-based architecture, as well as unified product development, operations, and administrative resources.

- **Enterprise, Education & Technology:** Includes revenue from all of our products, industry solutions for education customers, and Media Services (except for Media and Telecom customers), as well as associated professional services for those offerings. Subscription revenues are primarily generated on a per full-time equivalent basis for on-demand and live products and solutions, per host basis for real-time-conferencing products and solutions, and per participant basis for Events product (which intersects on-demand, live, and real-time-conferencing video). Contracts are generally 12 to 24 months in length. Billing is primarily done on an annual basis.
- **Media & Telecom:** Includes revenue from our TV Solution and Media Services for media and telecom customers, as well as associated professional services for those offerings. Revenues are generated on a per end-subscriber basis for telecom customers, and on a per video play basis for media customers. Contracts are generally two to five years in length. Billing is generally done on a quarterly or annual basis. It generally takes from six to twelve months to implement M&T offerings. The upfront resources required for implementation of our Media & Telecom solutions generally exceed those of our other offerings, resulting in a longer period from initial booking to go-live and a higher proportion of professional services revenue as a percentage of overall revenue. Additionally, a higher proportion of revenue comes from customers who choose to license our offerings through private cloud and on-premise deployments, which also impacts our gross margin.

Reflected below is a summary of reportable segment revenue and reportable segment gross profit for the three and **six** **nine** months ended **June 30, 2024** **September 30, 2024** and 2023.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands)			
Revenue				
Enterprise, Education & Technology	\$ 30,965	\$ 31,158	\$ 63,405	\$ 62,488
Media & Telecom	13,067	12,722	25,408	24,665
Total Revenue	\$ 44,032	\$ 43,880	\$ 88,813	\$ 87,153
Gross Profit				
Enterprise, Education & Technology	22,932	23,073	46,488	45,862
Media & Telecom	5,744	5,529	10,796	10,026
Total Gross Profit	\$ 28,676	\$ 28,602	\$ 57,284	\$ 55,888

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in thousands)			
Revenue				
Enterprise, Education & Technology	\$ 32,341	\$ 31,095	\$ 95,746	\$ 93,583
Media & Telecom	11,954	12,447	37,362	37,111
Total Revenue	\$ 44,295	\$ 43,542	\$ 133,108	\$ 130,694
Gross Profit				
Enterprise, Education & Technology	\$ 24,539	\$ 22,762	\$ 71,026	\$ 68,625
Media & Telecom	5,002	4,937	15,799	14,962
Total Gross Profit	\$ 29,541	\$ 27,699	\$ 86,825	\$ 83,587

We employ a "land and expand strategy" with the aim of having our customers increase their usage of our offerings and/or purchase additional offerings over time. Our Net Dollar Retention Rate (as defined below) measures our success in retaining and growing recurring revenue from our existing customers over a given period. For the three months ended **June 30, 2024** **September 30, 2024** and 2023, our Net Dollar Retention Rate was **98%** **101%** and **100%** **101%**, respectively. We grew our Annualized Recurring Revenue (as defined below) by **1%** **4%** in the three months ended **June 30, 2024** **September 30, 2024**, compared to the three months ended **June 30, 2023** **September 30, 2023**, demonstrating our ability to land new customers with higher spending levels and increase revenue from our existing customers.

For any given year, a large majority of our revenue comes from existing customers, with whom we are in active dialogue and tend to have visibility into their expected usage of our offerings.

We focus our selling efforts on large organizations and sell our solutions primarily through direct sales teams and account teams. In addition, we are continuing to expand our ability to serve smaller customers with our self-serve offerings, as well as focusing on inside sales for the SMB segment.

Key Factors Affecting Our Performance

Expansion of our Platform

We believe our platform is ideally suited for expansion across solutions, industries, and use cases. For example, in 2020, we entered the real-time conferencing market with the introduction of our Virtual and Hybrid Events, Webinars, and Online Learning products, focusing on learning, training, events, and marketing. Since then, we expanded the capabilities of our Virtual & Hybrid Events product to support a broader range of event types and use cases, fitted them to also address low-touch and self-serve sales and introduced a set of GenAI powered capabilities that increase the productivity in creating content and setting up events and also foster user engagement. We believe these products present a significant long-term opportunity, and we intend to harness our growing presence with them. Additionally, we will continue to invest in new video products for training, communication and collaboration, sales, marketing, and customer care, as we extend our platform into more industries.

Acquiring New Customers

We are focused on continuing to grow the number of customers that use our solutions. Our focus remains on bringing in new customers from enterprise accounts, as well as expanding our small and medium enterprise ("SME") offerings that can be sold by inside-sales teams. We also continue to provide our self-serve offering that can be purchased completely online, which also serves as a demand generation engine for our low-touch and enterprise offerings. We believe this will enable us to efficiently acquire smaller customers across all industries over time – expanding beyond enterprises into SMEs, beyond universities into K-12 schools, beyond tier 1 media and telecom companies to tier 2 and 3 media and telecom companies, and beyond providing Media Services to large technology companies to also addressing smaller technology firms and startups.

Increasing Revenue from Existing Customers

We are focused on increasing sales within our existing customer base through increased usage of our platform and the cross-selling of additional products and solutions. For the three months ended **June 30, 2024** **September 30, 2024**, our Net Dollar Retention Rate was **98%** **101%**. In order for us to increase revenue within our customer base, we will

need to maintain engineering-level customer support and continue to introduce new products and features as well as innovative new use cases that are tailored to our customers' needs.

Continued Investment in Growth

Although we have invested significantly in our business to date, we believe that we still have a significant market opportunity ahead of us. We intend to continue to make investments to support the growth and expansion of our business and to increase revenue. We believe there is a significant opportunity to continue our growth. We expect that our cost of revenue and operating expenses will fluctuate over time.

Key Financial and Operating Metrics

We measure our business using both financial and operating metrics. We use these metrics to assess the progress of our business, make decisions on where to allocate capital, time, and technology investments, and assess the near-term and long-term performance of our business. The key financial and operating metrics we use are:

Three Months Ended				Three Months Ended			
June 30,				September 30,			
2024		2024	2023	2024		2023	
(in thousands, except percentages)		(in thousands, except percentages)		(in thousands, except percentages)		(in thousands, except percentages)	
Annualized Recurring Revenue							
Net Dollar Retention Rate	Net Dollar Retention Rate	98 %	100 %	Net Dollar Retention Rate	101 %	101 %	
Remaining Performance Obligations							

Annualized Recurring Revenue

We use Annualized Recurring Revenue ("ARR") as a measure of our revenue trend and an indicator of our future revenue opportunity from existing recurring customer contracts. We calculate ARR by annualizing our recurring revenue for the most recently completed fiscal quarter. Recurring revenues are generated from SaaS and PaaS subscriptions, as well as term licenses for software installed on the customer's premises ("On-Prem"). For the SaaS and PaaS components, we calculate ARR by annualizing the actual recurring revenue recognized for the latest fiscal quarter. For the On-Prem components for which revenue recognition is not ratable across the license term, we calculate ARR for each contract by dividing the total contract value (excluding professional services) as of the last day of the specified period by the number of days in the contract term and then multiplying by 365. Recurring revenue excludes revenue from one-time professional services and setup fees. ARR is not adjusted for the impact of any known or projected future customer cancellations, upgrades or downgrades, or price increases or decreases.

The amount of actual revenue that we recognize over any 12-month period is likely to differ from ARR at the beginning of that period, sometimes significantly. This may occur due to new bookings, cancellations, upgrades or downgrades, pending renewals, professional services revenue, foreign exchange rate fluctuations and acquisitions or divestitures. ARR should be viewed independently of revenue as it is an operating metric and is not intended to be a replacement or forecast of revenue. Our calculation of ARR may differ from similarly titled metrics presented by other companies.

Net Dollar Retention Rate

Our Net Dollar Retention Rate, which we use to measure our success in retaining and growing recurring revenue from our existing customers, compares our recognized recurring revenue from a set of customers across comparable periods. We calculate our Net Dollar Retention Rate for a given period as the recognized recurring revenue from the latest reported fiscal quarter from the set of customers whose revenue existed in the reported fiscal quarter from the prior year (the numerator), divided by recognized recurring revenue from such customers for the same fiscal quarter in the prior year (denominator). For annual periods, we report Net Dollar Retention Rate as the arithmetic average of the Net Dollar Retention Rate for all fiscal quarters included in the period.

We consider subdivisions of the same legal entity (for example, divisions of a parent company or separate campuses that are part of the same state university system) as well as Value-add Resellers ("VARs") (meaning resellers that directly manage the relationship with the customer) and the customers they manage, to be a single customer for purposes of calculating our Net Dollar Retention Rate. Our calculation of Net Dollar Retention Rate for any fiscal period includes the positive recognized recurring revenue impacts of selling new services to existing customers and the negative recognized recurring revenue impacts of contraction and attrition among this set of customers. Our Net Dollar Retention Rate may fluctuate as a result of a number of factors, including the growing level of our revenue base, the level of penetration within our customer base, expansion of products and features, and our ability to retain our customers. Our calculation of Net Dollar Retention Rate may differ from similarly titled metrics presented by other companies.

Remaining Performance Obligations

Remaining Performance Obligations represents the amount of contracted future revenue that has not yet been delivered, including both subscription and professional services revenues. Remaining Performance Obligations consists of both deferred revenue and contracted non-cancelable amounts that will be invoiced and recognized in future periods. As of **June 30, 2024** **September 30, 2024**, our Remaining Performance Obligations was **\$177.8 million** **\$187.8 million**, which consists of both billed consideration in the amount of **\$55.5 million** **\$63.3 million** and unbilled consideration in the amount of **\$122.2 million** **\$124.6 million** that we expect to invoice and recognize in future periods.

We expect to recognize **60%** **59%** of our Remaining Performance Obligations as revenue over the next 12 months and the remainder thereafter, in each case, in accordance with our revenue recognition policy.

Non-GAAP Financial Measures

In addition to our results determined in accordance with GAAP, we believe that EBITDA and Adjusted EBITDA, non-GAAP financial measures, are useful in evaluating the performance of our business.

We define EBITDA as net profit (loss) before financial expenses (income), net, provision for income taxes and depreciation and amortization expenses. Adjusted EBITDA is defined as EBITDA (as defined above), adjusted for the impact of certain non-cash and other items that we believe are not indicative of our core operating performance, such as non-cash stock-based compensation expenses, facility exit and transition costs, restructuring charges and other non-recurring operating expenses

EBITDA and Adjusted EBITDA are supplemental measure of our performance, are not defined by or presented in accordance with GAAP, and should not be considered in isolation or as an alternative to net profit (loss) or any other performance measure prepared in accordance with GAAP. EBITDA and Adjusted EBITDA are presented because we believe that they provide useful supplemental information to investors and analysts regarding our operating performance and are frequently used by these parties in evaluating companies in our industry. By presenting EBITDA and Adjusted EBITDA, we provide a basis for comparison of our business operations between periods by excluding items that we do not believe are indicative of our core operating performance. We believe that investors' understanding of our performance is enhanced by including these non-GAAP financial measures as a reasonable basis for comparing our ongoing results of operations. Additionally, our management uses Adjusted EBITDA as a supplemental measure of our performance because it assists us in comparing the operating performance of our business on a consistent basis between periods, as described above.

Although we use EBITDA and Adjusted EBITDA, as described above, EBITDA and Adjusted EBITDA, have significant limitations as analytical tools. Some of these limitations include:

- such measures do not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;
- such measures do not reflect changes in, or cash requirements for, our working capital needs;
- such measures do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments on our debt;
- such measures do not reflect our tax expense or the cash requirements to pay our taxes;
- although depreciation and amortization expense and non-cash stock-based compensation expense are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future and such measures do not reflect any cash requirements for such replacements; and
- other companies in our industry may calculate such measures differently than we do, thereby further limiting their usefulness as comparative measures.

Due to these limitations, EBITDA and Adjusted EBITDA should not be considered as measures of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using these non-GAAP measures only supplementally. Adjusted EBITDA includes an adjustment for non-cash stock-based compensation expenses. It is reasonable to expect that this item will occur in future periods. However, we believe this adjustment is appropriate because the amount recognized can vary significantly from period to period, does not directly relate to the ongoing operations of our business, and complicates comparisons of our internal operating results between periods and with the operating results of other companies over time. Each of the normal recurring adjustments and other adjustments described above help to provide management with a measure of our core operating performance over time by removing items that are not related to day-to-day operations. Nevertheless, because of the limitations described above, management does not view EBITDA, or Adjusted EBITDA in isolation and also uses other measures, such as revenue, operating loss, and net loss, to measure operating performance.

The following table reconciles EBITDA and Adjusted EBITDA to the most directly comparable GAAP financial performance measure, which is net loss:

Three Months Ended June 30,

Six Months Ended June 30,

Cost of professional services consists primarily of personnel costs of our professional services organization, including payroll, benefits, and stock-based compensation expense, allocated overhead costs and other third-party service providers.

The costs associated with providing professional services are significantly higher as a percentage of related revenue than the costs associated with delivering our subscriptions due to the labor costs of providing professional services. As such, the implementation and professional services costs relating to an arrangement with a new customer are more significant than the costs to renew an existing customer's license and support arrangement.

For the three months ended **June 30, 2024** **September 30, 2024** and 2023, and for the **six nine** months ended **June 30, 2024** **September 30, 2024** and 2023, our cost of revenue was **\$15,356, \$15,278, \$31,529** **\$14,754, \$15,843, \$46,283** and **\$31,265, \$47,107**, respectively.

Gross Margins

Gross margins have been, and will continue to be, affected by a variety of factors, including the average sales price of our products and services, volume growth, the mix of revenue between SaaS and PaaS subscriptions, software licenses, maintenance and support and professional services, onboarding of new media and telecom customers, hosting of major virtual events and changes in cloud infrastructure and personnel costs.

In particular, the gross margins in our M&T segment have been negatively impacted due to the resources required for implementation of our TV Solution and Media Services for TV experiences, which generally exceed those of our other offerings, resulting in a longer period from initial booking to go-live and a higher proportion of professional services revenue as a percentage of overall revenue.

Additionally, a higher proportion of revenue comes from customers who choose to license our offerings through private cloud and on-premise deployments, which also impacts our gross margin. In the long-term, we expect the margins for this segment to improve due to the following: expected increase in the ratio of subscription revenue to professional services with scale, improved efficiencies of both production and professional services costs, and an increase in the proportion of revenues from media customers, which generally entail simpler deployments compared to telecom customers. However, in the near and medium term, our gross margins in our M&T segment are expected to vary from period to period based on the onboarding of new customers, as well as the timing and aggregate usage of our solutions by such customers.

For the three **and nine** months ended **June 30, 2024** **September 30, 2024** and 2023, gross margins improved slightly overall, driven by strong subscription performance, particularly in the EE&T segment.

For the three months ended **September 30, 2024** and 2023, our gross margins were 67% (75% for subscriptions and (95)% for professional services) and 64% (73% for subscriptions and (80)% for professional services), respectively. For the nine months ended **September 30, 2024** and 2023, our gross margins were 65% (74% for subscriptions and (49)% for professional services) and 65% (73% for subscriptions and (38)% for professional services), respectively. For the six months ended **June 30, 2024** and 2023, our gross margins were 64% (73% for subscriptions and (40) (54)% for professional services) and 64% (73% for subscriptions and (52) (60)% for professional services), respectively.

For our EE&T segment, gross margins for the three months ended **June 30, 2024** **September 30, 2024** and 2023, were **74%** (81% **76%** (82% for subscription and (87) (154)% for professional services), and **74%** **73%** (79% for subscription and (88) (105)% for professional services), respectively. For the **six nine** months ended **June 30, 2024** **September 30, 2024** and 2023, our gross margins for our EE&T segment were **73%** (80% **74%** (81% for subscriptions and (56) (78)% for professional services) and 73% (79% for subscriptions and (58) (73)% for professional services), respectively.

For our M&T segment, gross margins for the three months ended **June 30, 2024** **September 30, 2024** and 2023 were **44%** **42%** (55% for subscriptions and (24) (59)% for professional services) and 43% (57% **40%** (55% for subscriptions and (17) (63)% for professional services), respectively. For the **six nine** months ended **June 30, 2024** **September 30, 2024** and 2023, our gross margins for our M&T segment were 42% (54% for subscription and (26) (35)% for professional services) and **41%** **40%** (56% for subscription and (48) (52)% for professional services), respectively.

Research and Development

Our research and development expenses consist primarily of costs incurred for personnel-related expenses for our technical staff, including salaries and other direct personnel-related costs. Additional expenses include consulting and professional fees for third-party development resources and software subscriptions. We expect our research and development expenses generally to remain constant as a percentage of revenue for the near and medium-term, as we continue to dedicate substantial resources to develop, improve, and expand the functionality of our solutions. Subsequent costs incurred for the development of future upgrades and enhancements, which are expected to result in additional functionality, may qualify for capitalization under internal-use software and therefore may cause research and development expenses to fluctuate.

Sales and Marketing Expenses

Our sales and marketing expenses consist primarily of personnel related costs for our sales and marketing functions, including salaries and other direct personnel-related costs, such as sales commissions. Additional expenses include marketing program costs and amortization of acquired customer relationships intangible assets. We expect our sales and marketing expenses to be relatively stable on an absolute dollar basis.

General and Administrative Expenses

Our general and administrative expenses consist primarily of personnel-related costs for our executive, finance, human resources, information technology, and legal functions, including salaries and other direct personnel-related costs. We expect our general and administrative expenses to be relatively stable both on an absolute dollar basis and as a percentage of revenue for the near and medium-term.

We allocate overhead costs such as rent, utilities, and supplies to all departments based on relative headcount to each operating expense category.

Financial Expenses (Income), Income, Net

Financial expenses (income), income, net consists of interest expense accrued or paid on our indebtedness, net of interest income earned on our cash balances and marketable securities. Financial expenses (income), income, net also includes foreign exchange gains and losses and bank fees.

We expect interest expenses to vary each reporting period depending on the amount of outstanding indebtedness and prevailing interest rates.

We expect interest income will vary in each reporting period depending on our average cash and marketable securities balances during the period and applicable interest rates.

Provision for Income Taxes

We are subject to taxes in the United States as well as other tax jurisdictions or countries in which we conduct business. Earnings from our non-U.S. activities are subject to local country income tax and may be subject to current U.S. income tax. Due to cumulative losses, we maintain a valuation allowance against our deferred tax assets. We consider all available evidence, both positive and negative, in assessing the extent to which a valuation allowance should be applied against our deferred tax assets. Realization of our U.S. deferred tax assets depends upon future earnings, the timing and amount of which are uncertain. Our effective tax rate is affected by tax rates in foreign jurisdictions and the relative amounts of income we earn in those jurisdictions, as well as non-deductible expenses, such as share-based compensation, and changes in our valuation allowance.

Results of Operations

The following tables summarize key components of our results of operations for the periods presented. The period-to-period comparisons of our historical results are not necessarily indicative of the results that may be expected in the future.

		Three Months Ended June 30,			Period-over-Period Change			Six Months Ended June 30,			Period-over-Period Change	
		Three Months Ended September 30,			Period-over-Period Change			Nine Months Ended September 30,			Period-over-Period Change	
		2024		2024	2023		Dollar	Percentage		2024		2023

(in thousands, except percentages)

Revenue:																			
Enterprise, Education & Technology																			
Enterprise, Education & Technology																			
Enterprise, Education & Technology		\$30,965	\$		\$31,158	\$	\$ (193)	(1)		(1)	%	\$	63,405	\$		\$	62,488	\$	
Media & Telecom	Media & Telecom	13,067	12,722	12,722	345		345	3		3	%		25,408	24,665				24,665	
Total revenue	Total revenue	44,032	43,880	43,880	152		152	0		0	%		88,813	87,153				87,153	
Cost of revenue	Cost of revenue	15,356	15,278	15,278	78		78	1		1	%		31,529	31,265				31,265	
Total gross profit	Total gross profit	28,676	28,602	28,602	74		74	0		0	%		57,284	55,888				55,888	

Operating expenses:													
Research and development expenses													
Research and development expenses													
Research and development expenses		12,029	12,975	12,975	(946)	(946)	(7)	(7)	%		24,034	27,105	27,105
Sales and marketing expenses	Sales and marketing expenses	11,780	12,734	12,734	(954)	(954)	(7)	(7)	%		23,592	24,805	24,805
General and administrative expenses	General and administrative expenses	13,417	12,431	12,431	986	986	8	8	%		25,498	24,531	24,531
Restructuring	Restructuring	—	23	23	(23)	(23)	NM		NM		—	968	968
Total operating expenses	Total operating expenses	37,226	38,163	38,163	(937)	(937)	(2)	(2)	%		73,124	77,409	77,409
Loss from operations	Loss from operations	8,550	9,561	9,561	(1,011)	(1,011)	(11)	(11)	%		15,840	21,521	21,521
Financial expense (income), net		(1,010)		(1,166)	156		(13) %			488		(2,951)	
Financial income, net		(2,160)		(95)	(2,065)		2174 %			(1,672)		(3,047)	
Loss before provision for income taxes	Loss before provision for income taxes	7,540	8,395	8,395	(855)	(855)	(10)	(10)	%		16,328	18,570	18,570
Provision for income taxes	Provision for income taxes	2,464	2,383	2,383	81	81	3	3	%		4,772	5,003	5,003
Net loss	Net loss	\$10,004	\$	\$10,778	\$	\$ (774)	(7)	(7)	%	\$	21,100	\$	\$ 23,573

NM - Not meaningful

Segments

We manage and report operating results through two reportable segments: segments.

- **Enterprise, Education & Technology** (70% (73% and 71% of revenue for the three months ended June 30, 2024 September 30, 2024 and 2023, respectively, and 71% and 72% for each of the six nine months ended June 30, 2024 September 30, 2024 and 2023): Our EE&T segment represents revenues from all of our products, industry solutions for education customers, and Media Services (except for M&T customers), as well as associated professional services for those offerings.
- **Media & Telecom** (30% (27% and 29% of revenue for the three months ended June 30, 2024 September 30, 2024 and 2023, respectively, and 29% and 28% for each of the six nine months ended June 30, 2024 September 30, 2024 and 2023): Our M&T segment primarily represents revenues from our TV Solution and Media Services sold to media and telecom customers.

Comparison of the three months ended June 30, 2024 September 30, 2024 and 2023

Enterprise, Education & Technology

The following table presents our EE&T segment revenue and gross profit (loss) for the periods indicated:

		Three Months Ended June 30,		Period-over-Period Change			
		Three Months Ended September 30,		Period-over-Period Change			
2024		2024	2023	Dollar	Percentage	2024	

(in thousands, except percentages)

Enterprise, Education & Technology revenue:															
Subscription revenue															
Subscription revenue															
Subscription revenue		\$29,771	\$	\$	30,258	\$	\$	(487)	(2)	(2)%		\$31,495	\$	\$	30,043
Professional services revenue	Professional services revenue	1,194	900	900	294	294	294	33	33	%	Professional services revenue	846	1,052		
Total Enterprise, Education & Technology revenue	Total Enterprise, Education & Technology revenue	\$30,965	\$	\$	31,158	\$	\$	(193)	(1)	(1)%	Total Enterprise, Education & Technology revenue	\$32,341	\$	\$	\$31,09
Enterprise, Education & Technology gross profit:															
Enterprise, Education & Technology gross profit:															
Enterprise, Education & Technology gross profit:															
Enterprise, Education & Technology gross profit (loss):															
Enterprise, Education & Technology gross profit (loss):															
Enterprise, Education & Technology gross profit (loss):															
Subscription gross profit															
Subscription gross profit															
Subscription gross profit		\$23,975	\$	\$	23,866	\$	\$	109	0	0 %		\$25,841	\$	\$	23,866
Professional services gross profit (loss)		(1,043)			(793)			(250)		(32) %					
Professional services gross loss		(1,302)			(1,104)			(198)		18 %					
Total Enterprise, Education & Technology gross profit	Total Enterprise, Education & Technology gross profit	\$22,932	\$	\$	23,073	\$	\$	(141)	(1)	(1)%	Total Enterprise, Education & Technology gross profit	\$24,539	\$	\$	\$22,76

Enterprise, Education & Technology Revenue

Total EE&T revenue decreased increased by \$0.2 million \$1.2 million, or 1% 4%, to \$31.0 million \$32.3 million for the three months ended June 30, 2024 September 30, 2024, from \$31.2 million \$31.1 million for the three months ended June 30, 2023 September 30, 2023. The decrease increase is mainly attributable to a \$1.5 million decrease in revenue generated from existing customers, primarily due to downgrades by some of our existing customers. The decrease was partially offset by a \$1.3 million \$1.0 million increase in revenue generated from new customers, and \$0.2 million increase in revenue from existing customers.

EE&T subscription revenue decreased increased by \$0.5 million \$1.5 million, or 2% 5%, to \$29.8 million \$31.5 million for the three months ended June 30, 2024 September 30, 2024, from \$30.3 million \$30.0 million for the three months ended June 30, 2023 September 30, 2023.

EE&T professional services revenue increased decreased by \$0.3 million \$0.2 million, or 33% 20%, to \$1.2 million \$0.8 million for the three months ended June 30, 2024 September 30, 2024, from \$0.9 million \$1.1 million for the three months ended June 30, 2023 September 30, 2023. The increase is mainly due to revenue generated by our existing customers.

Enterprise, Education & Technology Gross Profit

EE&T gross profit decreased increased by \$0.1 million \$1.8 million, or 1% 8%, to \$22.9 million \$24.5 million for the three months ended June 30, 2024 September 30, 2024, from \$23.1 million \$22.8 million for the three months ended June 30, 2023 September 30, 2023. This decrease increase was mainly due to a \$1.2 million increase in revenue and reduction in production costs, which is a result of improved efficiency.

EE&T subscription gross profit increased by \$2.0 million, or 8%, to \$25.8 million for the decrease in revenue, three months ended September 30, 2024, from \$23.9 million for the three months ended September 30, 2023.

EE&T professional services gross loss increased by \$0.3 million \$0.2 million, or 32% 18%, to \$1.0 million a gross loss of \$1.3 million for the three months ended June 30, 2024 September 30, 2024, from \$0.8 million a gross loss of \$1.1 million for the three months ended June 30, 2023 September 30, 2023. The Increase was primarily due to a reduction in professional services revenue.

Media & Telecom

The following table presents our M&T segment revenue and gross profit for the periods indicated:

		Three Months Ended June 30,				Period-over-Period Change				Three Months Ended September 30,				Period-over-Period Change			
		2024		2024		2023		Dollar		Percentage		2024		2023		Dollar	
		(in thousands, except percentages)															
Media & Telecom revenue:																	
Subscription revenue																	
Subscription revenue																	
Subscription revenue		\$11,243	\$		\$10,466	\$	\$777	7	7	%	\$ 10,590	\$	\$ 10,804	\$	\$(214)	(2)	
Professional services revenue	Professional services revenue	1,824		2,256	2,256	(432)	(432)	(19)	(19)	%	Professional services revenue 1,364	1,643		1,643	(279)	(279)	
Total Media & Telecom revenue	Total Media & Telecom revenue	\$13,067	\$		\$12,722	\$	\$345	3	3	%	Total Media & Telecom revenue \$ 11,954	\$	\$12,447	\$	\$(493)	(4)	
Media & Telecom gross profit:																	
Media & Telecom gross profit:																	
Media & Telecom gross profit:																	
Subscription gross profit																	
Subscription gross profit																	
Subscription gross profit		\$ 6,177	\$		\$ 5,923	\$	\$254	4	4	%	\$ 5,807	\$	\$ 5,977	\$	\$(170)	(3)	
Professional services gross loss	Professional services gross loss	(433)		(394)	(394)	(39)	(39)	(10)	(10)	%	Professional services gross loss (805)	(1,040)		(1,040)	235	235	

Total Media & Telecom gross profit	Total Media & Telecom gross profit	\$ 5,744	\$	\$ 5,529	\$	\$ 215	4	4	%	Total Media & Telecom gross profit	\$ 5,002	\$	\$ 4,937	\$	\$ 65	1
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Media & Telecom Revenue

M&T revenue **increased** **decreased** by **\$0.3 million** **\$0.5 million**, or **3%** **4%**, to **\$13.1 million** **\$12.0 million** for the three months ended **June 30, 2024** **September 30, 2024**, from **\$12.7 million** **\$12.4 million** for the three months ended **June 30, 2023** **September 30, 2023**. The **increase** **decrease** is **mainly** attributable to a **\$0.3 million increase** **\$0.5 million decrease** in revenue from existing customers.

M&T subscription revenue **increased** **decreased** by **\$0.8 million** **\$0.2 million**, or **7%** **2%**, to **\$11.2 million** **\$10.6 million** for the three months ended **June 30, 2024** **September 30, 2024**, from **\$10.5 million** **\$10.8 million** for the three months ended **June 30, 2023** **September 30, 2023**.

M&T professional services revenue **decreased** by **\$0.4 million** **\$0.3 million**, or **19%** **17%**, to **\$1.8 million** **\$1.4 million** for the three months ended **June 30, 2024** **September 30, 2024**, from **\$2.3 million** **\$1.6 million** for the three months ended **June 30, 2023** **September 30, 2023**.

Media & Telecom Gross Profit

M&T gross profit **increased** by **\$0.2 million** **\$0.1 million**, or **4%** **1%**, to **\$5.7 million** **\$5.0 million** for the three months ended **June 30, 2024** **September 30, 2024**, from **\$5.5 million** **\$4.9 million** for the three months ended **June 30, 2023** **September 30, 2023**. This increase was mainly due to the increase in the revenue.

M&T subscription gross profit **increased** **decreased** by **\$0.3 million** **\$0.2 million**, or **4%** **3%**, to **\$6.2 million** **\$5.8 million** for the three months ended **June 30, 2024** **September 30, 2024**, from **\$5.9 million** **\$6.0 million** for the three months ended **June 30, 2023** **September 30, 2023**.

M&T professional services gross loss **decreased** by **\$0.2 million**, or **23%**, to a gross loss of **\$0.8 million** for the three months ended **September 30, 2024**, from a gross loss of **\$1.0 million** for the three months ended **September 30, 2023**.

Operating Expenses

Research and Development expenses

		Three Months Ended June 30,				Period-over-Period Change					
		Three Months Ended September 30,				Period-over-Period Change					
		2024		2024	2023	Dollar		Percentage		2024	
(in thousands, except percentages)											
Employee compensation	Employee compensation	\$ 8,277	\$	\$ 9,198	\$	(921)	(10)	(10)%	Employee compensation	\$ 8,650	\$
Subcontractors and consultants	Subcontractors and consultants	1,691	1,432	1,432	259	259	18	18	%	Subcontractors and consultants	1,753
IT related	IT related	1,248	1,398	1,398	(150)	(150)	(11)	(11)	%	IT related	1,194
Other	Other	813	947	947	(134)	(134)	(14)	(14)	%	Other	830
Total research and development expenses	Total research and development expenses	\$12,029	\$	\$ 12,975	\$	(946)	(7)	(7)%	Total research and development expenses	\$12,427	\$

Research and development expenses **decreased** by **\$0.9 million** **\$0.1 million**, or **7%** **1%**, to **\$12.0 million** **\$12.4 million** for the three months ended **June 30, 2024** **September 30, 2024**, from **\$13.0 million** **\$12.6 million** for the three months ended **June 30, 2023** **September 30, 2023**. The decrease **was** **is** primarily due to a **\$0.9 million decrease** **in compensation expenses**, mainly attributed to a lower headcount.

IT related expenses.

Sales and Marketing expenses

		Three Months Ended June 30,						Period-over-Period Change					
		Three Months Ended September 30,						Period-over-Period Change					
		2024		2024		2023		Dollar		Percentage		2024	
(in thousands, except percentages)													
Employee compensation & commission	Employee compensation & commission	\$ 9,387	\$	\$ 10,001	\$	\$ (614)	(6)	(6)%	Employee compensation & commission	\$ 9,729	\$	\$ 9,380	
Marketing expenses	Marketing expenses	1,039	1,435	1,435	(396)	(396)	(28)	(28)%	Marketing expenses	832	947		
Travel and entertainment	Travel and entertainment	318	454	454	(136)	(136)	(30)	(30)%	Travel and entertainment	246	391		
Other	Other	1,036	844	844	192	192	23	23%	Other	1,023	965		
Total sales and marketing expenses	Total sales and marketing expenses	\$11,780	\$	\$ 12,734	\$	\$ (954)	(7)	(7)%	Total sales and marketing expenses	\$11,830	\$	\$ 11,683	

Sales and marketing expenses decreased increased by \$1.0 million \$0.1 million, or 7% 1%, to \$11.8 million for the three months ended June 30, 2024 September 30, 2024, from \$12.7 million \$11.7 million for the three months ended June 30, 2023 September 30, 2023. The decrease increase was primarily due to a \$0.7 million decrease \$0.3 million increase in compensation, related to lower headcount and offset by a \$0.4 million \$0.1 million decrease in marketing related expenses mainly due to more efficient advertising spending expense management and lower travel expenses.

General and Administrative expenses

	Three Months Ended September 30,		Period-over-Period Change	
	2024	2023	Dollar	Percentage
(in thousands, except percentages)				
Employee compensation	\$ 6,876	\$ 8,677	\$ (1,801)	(21)%
Professional fees and insurance	1,115	980	135	14 %
Subcontractors and consultants	337	225	112	50 %
Travel and entertainment	195	222	(27)	(12)%
Other	1,227	1,663	(436)	(26)%
Total general and administrative expenses	9,750	11,767	(2,017)	(17)%

	Three Months Ended June 30,		Period-over-Period Change	
	2024	2023	Dollar	Percentage
(in thousands, except percentages)				
Employee compensation	\$ 10,286	\$ 8,875	\$ 1,411	16 %
Professional fees and insurance	1,151	1,468	(317)	(22)%
Subcontractors and consultants	388	258	130	50 %
Travel and entertainment	193	274	(81)	(30)%
Other	1,399	1,556	(157)	(10)%
Total general and administrative expenses	\$ 13,417	\$ 12,431	\$ 986	8 %

General and administrative expenses increased decreased by \$1.0 million \$2.0 million, or 8% 17%, to \$13.4 million \$9.8 million for the three months ended June 30, 2024 September 30, 2024, from \$12.4 million \$11.8 million for the three months ended June 30, 2023 September 30, 2023. The decrease was primarily due to a \$1.8 million decrease in compensation costs. The majority of this decrease is attributed to lower stock-based compensation expenses related to the cancellation of market-based equity awards previously granted to the Chief Executive Officer. These expenses were recognized for the three months ended September 30, 2023, but were accelerated in the three months ended June 30, 2024. Additionally, the decrease is also due to lower compensation costs as a result of Executive departures in the first quarter of 2024.

Financial Income, net

Financial Income, net increased by \$2.1 million, to \$2.2 million for the three months ended September 30, 2024, from \$0.1 million for the three months ended September 30, 2023. The increase was primarily due to an increase of \$1.4 million in compensation costs mainly driven by the acceleration of expenses associated with the cancellation of unvested market-based equity awards granted to the Chief Executive Officer, offset by a \$0.4 million decrease in professional fees and insurance mainly due to lower insurance costs.

Financial income, net

Financial income, net decreased by \$0.2 million, or 13%, to \$1.0 million for the three months ended June 30, 2024, from \$1.2 million for the three months ended June 30, 2023. The decrease was primarily due to \$0.7 million \$1.7 million related to exchange rate differences, partially offset by along with an additional \$0.2 million interest income associated with our investments.

Provision for Income Taxes

Provision for income taxes increased decreased by \$0.1 million \$1.2 million, or 3% 48%, to \$1.3 million for the three months ended September 30, 2024, from \$2.5 million for the three months ended June 30, 2024 September 30, 2023, from \$2.4 million for primarily due to decreased tax liability related to income generated by our subsidiaries organized under the three months ended June 30, 2023, laws of Israel and UK.

Comparison of the six nine months ended June 30, 2024 September 30, 2024 and 2023

Enterprise, Education & Technology

The following table presents our EE&T segment revenue and gross profit (loss) for the periods indicated:

		Six Months Ended June 30,				Period-over-Period Change									
		Nine Months Ended September 30,				Period-over-Period Change									
		2024		2024		2023		Dollar		Percentage		2024			
(in thousands, except percentages)															
Enterprise, Education & Technology revenue:															
Subscription revenue															
Subscription revenue															
Subscription revenue		\$60,426	\$	\$	60,132	\$	\$	294	0	0 %		\$91,920	\$	\$	90,175
Professional services revenue	Professional services revenue	2,979	2,356		2,356	623		623	26	26 %	Professional services revenue		3,826	3,408	
Total Enterprise, Education & Technology revenue	Total Enterprise, Education & Technology revenue	\$63,405	\$	\$	62,488	\$	\$	917	1	1 %	Total Enterprise, Education & Technology revenue	\$95,746	\$		\$93,5
Enterprise, Education & Technology gross profit:															
Enterprise, Education & Technology gross profit:															
Enterprise, Education & Technology gross profit:															
Subscription gross profit															
Subscription gross profit															
Subscription gross profit		\$48,160	\$	\$	47,239	\$	\$	921	2	2 %		\$74,001	\$	\$	71,105

Media & Telecom gross profit:

Media & Telecom gross profit:

Subscription gross profit																			
Subscription gross profit																			
Subscription gross profit		11,760	11,774	11,774	\$	\$	(14)	0	0	%	17,567	\$	\$	17,751	\$	\$	(184)		
Professional services gross loss	Professional services gross loss	(964)	(1,748)	(1,748)	784	784	45	45	%	Professional services gross loss	(1,768)	(2,789)		(2,789)	1,021				
Total Media & Telecom gross profit	Total Media & Telecom gross profit	\$10,796	\$	\$10,026	\$	\$770	8	8	%	Total Media & Telecom gross profit	\$	15,799	\$	\$	14,962	\$	\$	83	

Media & Telecom Revenue

M&T revenue increased by \$0.7 million \$0.3 million, or 3% 1%, to \$25.4 million \$37.4 million for the six nine months ended June 30, 2024 September 30, 2024, from \$24.7 million \$37.1 million for the six nine months ended June 30, 2023 September 30, 2023. The increase is mainly attributable to an increase in revenue from existing customers.

M&T subscription revenue increased by \$0.8 million \$0.6 million, or 4% 2%, to \$21.8 million \$32.3 million for the six nine months ended June 30, 2024 September 30, 2024, from \$21.0 million \$31.8 million for the six nine months ended June 30, 2023 September 30, 2023.

M&T professional services revenue decreased by \$0.3 million, or 6%, to \$5.0 million for the nine months ended September 30, 2024, from \$5.3 million for the nine months ended September 30, 2023.

Media & Telecom Gross Profit

M&T gross profit increased by \$0.8 million, or 8% 6%, to \$10.8 million \$15.8 million for the six nine months ended June 30, 2024 September 30, 2024, from \$10.0 million \$15.0 million for the six nine months ended June 30, 2023 September 30, 2023. This increase was mainly due to the increase in revenue, revenue and improved operational efficiencies.

M&T subscription gross profit decreased by \$0.2 million, or 1%, to \$17.6 million for the nine months ended September 30, 2024, from \$17.8 million for the nine months ended September 30, 2023.

M&T professional services gross loss decreased by \$0.8 million \$1.0 million, or 45% 37%, to \$1.0 million \$1.8 million for the six nine months ended June 30, 2024 September 30, 2024, from \$1.7 million \$2.8 million for the six nine months ended June 30, 2023 September 30, 2023.

Operating Expenses

Research and Development expenses

		Six Months Ended June 30,				Period-over-Period Change							
		Nine Months Ended September 30,				Period-over-Period Change							
		2024		2024		2023		Dollar		Percentage		2024	
(in thousands, except percentages)													
Employee compensation	Employee compensation	\$16,554	\$	\$	19,351	\$	\$	(2,797)	(14)	(14)%	Employee compensation	\$25,205	\$

Subcontractors and consultants	Subcontractors and consultants	3,458	2,983	2,983	475	475	16	16	%	Subcontractors and consultants	5,211	4,815
IT related	IT related	2,508	3,113	3,113	(605)	(605)	(19)	(19)	%	IT related	3,703	4,519
Other	Other	1,514	1,658	1,658	(144)	(144)	(9)	(9)	%	Other	2,341	2,538
Total research and development expenses	Total research and development expenses	\$24,034	\$27,105	\$27,105	\$(3,071)	\$(3,071)	(11)	(11)	%	Total research and development expenses	\$36,460	\$36,460

Research and development expenses decreased by **\$3.1 million** **\$3.2 million**, or **11%** **8%**, to **\$24.0 million** **\$36.5 million** for the **six** **nine** months ended **June 30, 2024** **September 30, 2024**, from **\$27.1 million** **\$39.7 million** for the **six** **nine** months ended **June 30, 2023** **September 30, 2023**. The decrease was primarily due to a **\$2.8 million** **\$2.6 million** decrease in compensation expenses, which mainly related to lower **headcount**. **headcount** and to a **\$0.8 million** decrease in IT related expenses.

Sales and Marketing expenses

Six Months Ended June 30,												Period-over-Period Change											
Nine Months Ended September 30,												Period-over-Period Change											
2024				2024				2023				Dollar				Percentage				2024			
(in thousands, except percentages)																							
Employee compensation & commission	Employee compensation & commission	\$19,089	\$	\$	20,135	\$	\$	(1,046)	(5)	(5)	%	Employee compensation & commission	\$28,818	\$	\$	29,511	(6)	(2)	(6)	%			
Marketing expenses	Marketing expenses	1,738	2,060		2,060	(322)		(322)	(16)	(16)	%	Marketing expenses	2,570	3,007									
Travel and entertainment	Travel and entertainment	572	835		835	(263)		(263)	(31)	(31)	%	Travel and entertainment	818	1,226									
Other	Other	2,193	1,775		1,775	418		418	24	24	%	Other	3,215	2,741									
Total sales and marketing expenses	Total sales and marketing expenses	\$23,592	\$	\$	24,805	\$	\$	(1,213)	(5)	(5)	%	Total sales and marketing expenses	\$35,421	\$	\$	36,484	(11)	(3)	(11)	%			

Sales and marketing expenses decreased by **\$1.2 million** **\$1.1 million**, or **5%** **3%**, to **\$23.6 million** **\$35.4 million** for the **six** **nine** months ended **June 30, 2024** **September 30, 2024**, from **\$24.8 million** **\$36.5 million** for the **six** **nine** months ended **June 30, 2023** **September 30, 2023**. The decrease was primarily due to a **\$1.0 million** **\$0.7 million** decrease in compensation which mainly related to a lower headcount, and a **\$0.3 million** **\$0.4 million** decrease in marketing related **expenses** mainly due to more efficient advertising **spending**. **expenses**.

General and Administrative expenses

		Six Months Ended June 30,				Period-over-Period Change								
		Nine Months Ended September 30,				Period-over-Period Change								
		2024		2024		2023		Dollar		Percentage		2024		
(in thousands, except percentages)														
Employee compensation	Employee compensation	\$18,341	\$	\$	17,913	\$	\$	428	2	2	%	Employee compensation	\$25,217	\$
Professional fees and insurance	Professional fees and insurance	2,133	2,578		2,578	(445)		(445)	(17)	(17)	%	Professional fees and insurance	3,249	3,558
Subcontractors and consultants	Subcontractors and consultants	581	622		622	(41)		(41)	(7)	(7)	%	Subcontractors and consultants	918	847
Travel and entertainment	Travel and entertainment	395	426		426	(31)		(31)	(7)	(7)	%	Travel and entertainment	590	649

Unused cloud hosting commitment expense	Unused cloud hosting commitment expense	1,312	—	—	1,312	1,312	NM	NM	Unused cloud hosting commitment expense	1,312	—			
Other	Other	2,736	2,992	2,992	(256)	(256)	(9)	(9)	%	Other	3,964	4,654		
Total general and administrative expenses	Total general and administrative expenses	\$25,498	\$	\$	24,531	\$	\$	967	4	4	%	Total general and administrative expenses	\$35,250	\$

General and administrative expenses increased decreased by \$1.0 million, or 4% 3%, to \$25.5 million \$35.3 million for the six nine months ended June 30, 2024 September 30, 2024, from \$24.5 million \$36.3 million for the six nine months ended June 30, 2023 September 30, 2023. The increase decrease was primarily due to \$1.3 million a \$1.4 million decrease in compensation costs related mainly to cancellation of market based equity awards previously granted to the Chief Executive Officer and Executive departures in the first quarter of 2024, a \$0.3 million decrease in professional fees and insurance mainly due to lower insurance costs and a \$0.7 million decrease in other expenses related mainly to welfare and training expenses, partially offset by \$1.3 million unused one-time expense associated with terminating commitments with a cloud hosting service provider and a \$0.4 million increase in compensation costs mainly driven by the acceleration of expenses associated with the cancellation of unvested market-based equity awards granted to the Chief Executive Officer, partially offset by reduced cost arising from executive departures, and a \$0.4 million decrease in professional fees and insurance mainly due to lower insurance costs, provider.

Financial Expense (Income), Income, net

Financial expense (income), income, net increased decreased by \$3.4 million, or 117%, \$1.4 million to \$0.5 million expenses \$1.7 million for the six nine months ended June 30, 2024 September 30, 2024, from \$3.0 million income for the six nine months ended June 30, 2023 September 30, 2023. The increase decrease was primarily due to an increase a decrease of \$4.5 million \$2.8 million related to exchange rate differences partially offset by \$0.7 million \$0.9 million of higher interest income associated with our investments.

Provision for Income Taxes

Provision for income taxes decreased by \$0.2 million \$1.4 million, or 5% 19%, to \$4.8 million \$6.1 million for the six nine months ended June 30, 2024 September 30, 2024, from \$5.0 million \$7.5 million for the six nine months ended June 30, 2023 September 30, 2023 primarily due to decreased tax liability related to income generated by our subsidiaries organized under the laws of Israel and UK.

Liquidity and Capital Resources

Overview

Since our inception, we have financed our operations primarily through net cash provided by operating activities, equity issuances, and borrowings under our long-term debt arrangements. Our primary requirements for liquidity and capital are to finance working capital, capital expenditures and general corporate purposes. Our principal sources of liquidity are expected to be our cash on hand and borrowings available under our Revolving Credit Facility. As of June 30, 2024 September 30, 2024, we had no balance outstanding under the Revolving Credit Facility and the total revolving commitment of \$25.0 million is available for future borrowings.

We believe that our net cash provided by operating activities, cash on hand, and availability under our Revolving Credit Facility will be adequate to meet our operating, investing, and financing needs for at least the next 12 months. Our future capital requirements will depend on many factors, including our revenue growth, the timing and extent of investments to support such growth, the expansion of sales and marketing activities, increases in general and administrative costs and many other factors as described under Part I, Item 1A. "Risk Factors" of our 2023 10-K, and "—Key Factors Affecting Our Performance." above. In addition, our cash and cash equivalents are maintained at financial institutions in amounts that exceed federally insured limits. In the event of failure of any of the financial institutions where we maintain our cash and cash equivalents, there can be no assurance that we will be able to access uninsured funds in a timely manner or at all.

If necessary, we may borrow funds under our Revolving Credit Facility to finance our liquidity requirements, subject to customary borrowing conditions. To the extent additional funds are necessary to meet our long-term liquidity needs as we continue to execute our business strategy, we anticipate that they will be obtained through the incurrence of additional indebtedness, additional equity financings or a combination of these potential sources of funds; however, such financing may not be available on favorable terms, or at all. In particular, the current global economic volatility, rising inflation and interest rates, price increases, decrease in our customers' spend or available budget, and the ongoing conflict between Russia and Ukraine, have resulted in, and may continue to result in, significant disruption of global financial markets, reducing our ability to access capital. Our ability to access capital may also be impacted by political, economic, and military conditions in Israel, including the current security situation or any escalation of conflicts with Israel, and in other regions in which we operate, or changes in the business environment in those regions. If we are unable to raise additional funds when desired, our business, financial condition and results of operations could be adversely affected.

Repurchase Program

On June 11, 2024, the Company's board of directors authorized a stock repurchase program of the Company's outstanding common stock for up to \$5.0 million of the Company's common stock (the "Repurchase Program"). Under the Repurchase Program, the Company may make repurchases, from time to time, through open market purchases,

block trades, in privately negotiated transactions, accelerated stock repurchase transactions, or by other means. The Company may also, from time to time, enter into Rule 10b5-1 plans to facilitate repurchases under this authorization. The volume, timing, and manner of any repurchases will be determined at the Company's discretion, subject to general market conditions, as well as the Company's management of capital, general business conditions, other investment opportunities, regulatory requirements and other factors. The Repurchase Program does not obligate the Company to repurchase any specific amount of common stock, has no time limit, and may be modified, suspended, or discontinued at any time without notice at the discretion of the Board of Directors.

During the **three nine** months ended **June 30, 2024** **September 30, 2024**, the Company repurchased **66,605** **1,758,929** shares of common stock at an average price of \$1.24 per share (excluding broker and transaction fees of **\$2,000** **\$53**). As of **June 30, 2024** **September 30, 2024**, the Company had remaining authorization under the Repurchase Program to repurchase common stock up to an aggregate amount of **\$4.9 million**, **\$2.8 million**, subject to satisfying required conditions under the Companies Law and Companies Regulations.

Credit Facilities

In January 2021, we entered into a new credit agreement (as amended, the "Credit Agreement") with one of our existing lenders, which provides for a new senior secured term loan facility in the aggregate principal amount of \$40.0 million (the "Term Loan Facility") and a new senior secured revolving credit facility in the aggregate principal amount of \$10.0 million (the "Revolving Credit Facility" and, together with the Term Loan Facility, the "Credit Facilities"), which thereafter were extended and amended to align our business needs and other developments. In December 2023, we refinanced all amounts outstanding under the then-existing Credit Agreement, and entered into a new amendment to the credit agreement (the "Fifth Amendment") with an existing lender, which provides for an additional term loan facility of \$3.5 million in addition to the existing \$31.5 million in term loans outstanding immediately prior to the Fifth Amendment. Commitments under the Revolving Credit Facility decreased to \$25.0 million.

In July 2024, we entered into an amendment to the Credit Agreement with an existing lender, in connection with our Repurchase Program (as defined herein), which updated the aggregate amount of permitted Restricted Payments (as defined in the Credit Agreement; which term include, among others, repurchase of the Company's outstanding common stock) and conditions for making such payments.

The amount available for borrowing under the Revolving Credit Facility is limited to a borrowing base, which is equal to the product of (a) 500% (which will automatically reduce to 350% on the date the Term Loan Facility is repaid in full), multiplied by (b) monthly Recurring Revenue for the most recently ended monthly period, multiplied by (c) the Retention Rate (in each case, as defined in the Credit Agreement).

The Revolving Credit Facility includes a sub-facility for letters of credit in the aggregate availability amount of \$10.0 million and a swingline sub-facility in the aggregate availability amount of \$5.0 million, each of which reduces borrowing availability under the Revolving Credit Facility.

Borrowings under the Credit Facilities bear interest, determined as follows: (a) SOFR loans accrue interest at a rate per annum equal to Term SOFR (as defined in the Credit Agreement) plus 0.10% per annum plus a margin of 2.50% (the Adjusted Term SOFR (as defined in the Credit Agreement) is subject to a 1.00% floor), and (b) ABR loans accrue interest at a rate per annum equal to the ABR plus a margin of 1.50% (ABR is equal to the highest of (i) the prime rate and (ii) the Federal Funds Effective Rate plus 0.50%, subject to a 2.00% floor). As of **June 30, 2024** **September 30, 2024**, the current rate of interest under the Credit Facilities was equal to a rate per annum of **7.93%** **7.23%**, consisting of **5.33%** **4.63%** (the 3-month SOFR rate as of **June 27, 2024** **September 30, 2024**), 0.10% credit spread adjustment and the margin of 2.50%.

We are required to prepay amounts outstanding under the Term Loan Facility with 100% of the net cash proceeds of any indebtedness incurred by us or any of our subsidiaries other than certain permitted indebtedness. In addition, we are required to prepay amounts outstanding under the Credit Facilities with the net cash proceeds of any Asset Sale or Recovery Event (each as defined in the Credit Agreement), subject to certain limited reinvestment rights.

Amounts outstanding under the Credit Facilities may be voluntarily prepaid at any time and from time to time, in whole or in part, without premium or penalty. All voluntary prepayments (other than ABR loans borrowed under the Revolving Credit Facility) must be accompanied by accrued and unpaid interest on the principal amount being prepaid and customary "breakage" costs, if any, with respect to prepayments of SOFR loans.

The Term Loan Facility is payable in consecutive quarterly installments on the last day of each fiscal quarter in an amount equal to (i) \$437,500 for installments payable on December 31, 2023 (deferred to January 9, 2024), through September 30, 2024, (ii) \$656,250 for installments payable on December 31, 2024 through September 30, 2025, and (iii) \$1,312,500 for installments payable on and after December 31, 2025. The remaining unpaid balance on the Term Loan Facility is due and payable on December 21, 2026, together with accrued and unpaid interest on the principal amount to be paid to, but excluding, the payment date.

Our obligations under the Credit Facilities are currently guaranteed by Kaltura Europe Limited, and are required to be guaranteed by all of our future direct and indirect subsidiaries other than certain excluded subsidiaries and immaterial foreign subsidiaries. Our obligations and those of Kaltura Europe Limited are, and the obligations of any future guarantors are required to be, secured by a first priority lien on substantially all of our respective assets.

The Credit Agreement contains a number of covenants that, among other things and subject to certain exceptions, restrict our ability, and the ability of our subsidiaries, to:

- create, issue, incur, assume, become liable in respect of or suffer to exist any debt or liens;
- consummate any merger, consolidation or amalgamation, or liquidate, wind up or dissolve, or dispose of all or substantially all of our or their respective property or business;
- dispose of property or, in the case of our subsidiaries, issue or sell any shares of such subsidiary's capital stock;
- repay, prepay, redeem, purchase, retire or defease subordinated debt;
- declare or pay dividends or make certain other restricted payments;
- make certain investments;

- enter into transactions with affiliates;
- enter into new lines of business; and
- make certain amendments to our or their respective organizational documents or certain material contracts.

The Credit Agreement also contains certain financial covenants that require us to maintain (i) a minimum amount of Consolidated Adjusted EBITDA (as defined in the Credit Agreement) as of the last day of each fiscal quarter (which minimum amount increased through the fiscal quarter ended December 31, 2023) (the "Adjusted EBITDA Covenant"), and (ii) Liquidity (as defined in the Credit Agreement) of at least \$20.0 million as of the last day of any calendar month. We were in compliance with these covenants as of **June 30, 2024** **September 30, 2024**.

The Credit Agreement also contains certain customary representations and warranties and affirmative covenants, and certain reporting obligations. In addition, the lenders under the Credit Facilities will be permitted to accelerate all outstanding borrowings and other obligations, terminate outstanding commitments and exercise other specified remedies upon the occurrence of certain events of default (subject to certain grace periods and exceptions), which include, among other things, payment defaults, breaches of representations and warranties, covenant defaults, certain cross-defaults and cross-accelerations to other indebtedness, certain events of bankruptcy and insolvency, certain judgments and Change of Control events (as defined in the Credit Agreement).

As of **June 30, 2024** **September 30, 2024**, we had no balance outstanding under the Revolving Credit Facility and the total revolving commitment of \$25.0 million remains available for future borrowings. As of **June 30, 2024** **September 30, 2024**, we had approximately **\$33.7 million** **\$33.3 million** of **borrowings outstanding** **borrowing** under the Term Loan Facility.

Cash Flows

The following table summarizes our cash flows for the periods presented:

	Six Months Ended June 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in thousands)	(in thousands)	(in thousands)	(in thousands)
Net cash used in operating activities				
Net cash used in operating activities				
Net cash used in operating activities				
Net cash provided by (used in) operating activities				
Net cash provided by (used in) operating activities				
Net cash provided by (used in) operating activities				
Net cash provided by (used in) investing activities				
Net cash used in financing activities				
Effect of exchange rate changes on cash, cash equivalents and restricted cash				
Net increase (decrease) in cash, cash equivalents, and restricted cash				
Cash, cash equivalents, and restricted cash at beginning of period				
Cash, cash equivalents and restricted cash at end of period				

Operating Activities

Net cash flows **used in** **provided by** operating activities **decreased** **increased** by **\$8.8 million** **\$17.8 million** for the **six** **nine** months ended **June 30, 2024** **September 30, 2024**, as compared to the **six** **nine** months ended **June 30, 2023** **September 30, 2023**.

Net cash provided by operating activities of \$7.9 million for nine months ended September 30, 2024, was primarily due to \$24.7 million incremental net loss, offset for non-cash adjustments totaling \$32.5 million, and net cash inflows of \$0.2 million due to changes in operating assets and liabilities. Non-cash charges primarily consisted of depreciation and amortization of \$3.8 million, stock-based compensation expenses of \$21.1 million and amortization of deferred contract acquisitions and fulfillment costs of \$8.6 million. Changes in operating assets and liabilities primarily consisted of increase in trade payables of \$2.2 million, a total increase in employee accruals, accrued expenses, and other

liabilities of \$2.1 million, a decrease in trade receivables of \$0.7 million and an increase in deferred revenue of \$0.6 million. These trends were partially offset by an increase in deferred contract acquisition and fulfillment costs of \$4.4 million and a net change in operating right-of-use assets and lease liabilities of \$0.9 million.

Net cash used in operating activities of ~~\$2.8 million~~ \$9.9 million for the ~~six~~ nine months ended ~~June 30, 2024~~ September 30, 2023, was primarily due to ~~\$21.1 million~~ \$34.3 million incremental net loss, adjusted for non-cash charges of ~~\$23.2 million~~ \$33.0 million, and net cash outflows of ~~\$4.9 million~~ \$8.6 million due to changes in our operating assets and liabilities. Non-cash charges primarily consisted of depreciation and amortization of ~~\$2.6 million~~ \$3.4 million, stock-based compensation expenses of ~~\$15.4 million~~ \$22.0 million and amortization of deferred contract acquisitions and fulfillment costs of ~~\$5.7 million~~ \$8.8 million. The main drivers of net cash outflows were derived from the changes in operating assets and liabilities and were related to ~~a decrease of trade payable of \$5.6 million, an increase in of deferred contract acquisition and fulfillment cost of \$2.5 million, decrease in deferred revenue of \$7.2 million and net change in operating right-of-use asset and lease liability of \$0.9 million, offset by an increase in trade receivables of \$1.2 million, an increase in trade payables of \$3.4 million and an aggregate decrease in employees accruals, and accrued expenses and other liabilities of \$1.1 million.~~

Net cash used in operating activities of \$11.6 million for the six months ended June 30, 2023, was primarily due to \$23.6 million incremental net loss, adjusted for non-cash charges of \$22.2 million, and net cash outflows of \$9.7 million due to changes in our operating assets and liabilities. Non-cash charges primarily consisted of depreciation and amortization of \$2.2 million, stock-based compensation expenses of \$14.6 million and amortization of deferred contract acquisitions and fulfillment costs of \$5.9 million. The main drivers of net cash outflows were derived from the changes in operating assets and liabilities and were related to an increase in deferred contract acquisition and fulfillment cost of \$3.3 million ~~\$4.9 million~~, an aggregate decrease in employees accruals, and accrued expenses and other liabilities of \$2.8 million, ~~\$2.4 million~~ and a decrease in deferred revenue of ~~\$3.2 million~~ and an increase in trade ~~\$1.3 million~~, partially offset by a decrease of receivables of ~~\$1.0 million~~, offset by an increase in trade payables of ~~\$1.1 million~~ ~~\$6.9 million~~.

Investing Activities

Net cash flows ~~provided by~~ used in investing activities decreased by ~~\$5.9 million~~ \$5.3 million for the ~~six~~ nine months ended ~~June 30, 2024~~ September 30, 2024, as compared to the ~~six~~ nine months ended ~~June 30, 2023~~ September 30, 2023.

Net cash ~~provided by~~ used in investing activities of ~~\$1.8 million~~ amounted to ~~\$4.2 million~~ for the ~~six~~ nine months ended ~~June 30, 2024~~ September 30, 2024. This was ~~related primarily due to an an increase in proceeds from maturities of available-for-sale marketable securities of \$21.5 million, offset by investment in available-for-sale marketable securities of \$19.4 million and \$0.3 million of capital expenditures.~~

~~\$34.0 million.~~

Net cash provided by investing activities of ~~\$7.7 million~~ amounted to ~~\$1.1 million~~ for the ~~six~~ nine months ended ~~June 30, 2023~~ September 30, 2023. This was ~~related primarily due to proceeds from \$39.0 million in sales and maturities of available-for-sale marketable securities, of \$26.2 million, partially offset by \$1.2 million of \$1.5 million for capitalized internal use software, investment \$33.6 million in investments in available-for-sale marketable securities, of \$14.6 million, \$1.6 million of \$1.0 million in investments in a bank deposit, and \$1.8 million in capital expenditures and \$1.0 million of investment in restricted bank deposit.~~

Financing Activities

Net cash flows used in financing activities increased by ~~\$0.9 million~~ \$0.6 million for the ~~six~~ nine months ended ~~June 30, 2024~~ September 30, 2024 as compared to the ~~six~~ nine months ended ~~June 30, 2023~~ September 30, 2023.

Net cash used in financing activities of ~~\$1.3 million~~ \$3.9 million for the ~~six~~ nine months ended ~~June 30, 2024~~ September 30, 2024 was primarily due to repayment of long-term loans of ~~\$1.3 million~~ \$1.8 million, ~~\$0.1 million~~ \$2.2 million repurchase of common stock and \$0.1 million payments on account of repurchase of common stock, offset by \$0.2 million due to proceeds from the exercise of stock options.

Net cash used in financing activities of ~~\$2.2 million~~ \$3.3 million for the ~~six~~ nine months ended ~~June 30, 2023~~ September 30, 2023 was primarily due to ~~the~~ repayment of long-term loans of ~~\$3.0 million~~ totaling \$4.5 million, which was partially offset by ~~\$0.8 million~~ due to proceeds of ~~\$1.2 million~~ from the exercise of stock options.

Contractual Obligations and Commitments

Our principal commitments consist of obligations under operating and finance leases, purchase obligations with third-party providers for the use of cloud hosting and other services and outstanding debt. There were no material changes to our commitments and contractual obligations during the ~~six~~ nine months ended ~~June 30, 2024~~ September 30, 2024 from the commitments and contractual obligations disclosed in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," of our 2023 10-K. For further information on our commitments and contractual obligations, refer ~~also~~ to Note 7, Note 8 and Note 14 of the notes to our unaudited condensed consolidated financial statements included in Part I, Item 1 of this Form 10-Q.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Our management believes that the estimates, judgment and assumptions used are reasonable based upon information available at the time they are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Our critical accounting policies and estimates were disclosed in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," of our 2023 10-K. There have been no significant changes to these policies and estimates during the **six** **nine** months ended **June 30, 2024** **September 30, 2024**.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risk from changes in exchange rates, interest rates and inflation. All of these market risks arise in the ordinary course of business, **as** we do not engage in speculative trading activities. The following analysis provides additional information regarding these risks.

Foreign Currency and Exchange Risk

Our revenue and expenses are primarily denominated in U.S. dollars. Our functional currency is the U.S. dollar. Our sales are mainly denominated in U.S. dollars and Euros. A significant portion of our operating costs are in Israel, consisting principally of salaries and related personnel expenses, and facility expenses, which are denominated in NIS. **These** **This** foreign currency **exposures give** **exposure gives** rise to market risk associated with exchange rate movements of the U.S. dollar against the NIS and Euros. Furthermore, we anticipate that a significant portion of our expenses will continue to be denominated in NIS as well as that a significant portion of our revenue will continue to be denominated in Euros.

To reduce the impact of foreign currency exchange risks associated with forecasted future cash flows and certain existing assets and liabilities and the volatility in our consolidated statements of operations, we established a hedging program. Currently, our hedging activity relates to U.S. dollar/NIS exchange rate exposure. We do not intend to enter into derivative instruments for trading or speculative purposes. We account for our derivative instruments as either assets or liabilities and carry them at fair value in the consolidated balance sheets. The accounting for changes in the fair value of the derivative depends on the intended use of the derivative and the resulting designation. Our hedging activities are expected to reduce but not eliminate the impact of currency exchange rate movements.

A hypothetical 10% change in foreign currency exchange rates applicable to our business would have had an impact on our results for the **six** **nine** months ended **June 30, 2024** **September 30, 2024**, of **\$0.9 million** **\$1.4 million** due to NIS (after considering cash-flow hedges) and **\$2.3 million** **\$3.6 million** due to Euros.

Interest Rate Risk

As of **June 30, 2024** **September 30, 2024**, we had outstanding floating rate debt obligations of **\$33.4 million** **\$33.0 million** (consisting of the outstanding principal balance under our credit facilities). Accordingly, fluctuations in market interest rates may increase or decrease our interest expense which will, in turn, increase or decrease our net income and cash flow. We seek to manage exposure to adverse interest rate changes through our normal operating and financing activities. At this time, we do not use derivative instruments to mitigate our interest rate risk. A hypothetical 10% change in interest rates during the periods presented would **not** have **resulted in a** **change to interest expense of** **million** **material impact on our results** for the **six** **nine** months ended **June 30, 2024** **September 30, 2024**.

Impact of Inflation

While it is difficult to accurately measure the impact of inflation due to the imprecise nature of the estimates required, we do not believe inflation has had a material effect on our historical results of operations and financial condition. However, if our costs were to become subject to significant inflationary pressures, we may not be able to fully offset higher costs through price increases or other corrective measures, and our inability or failure to do so could adversely affect our business, financial condition, and results of operations.

Item 4. Controls and Procedures.

Limitations on effectiveness of controls and procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of disclosure controls and procedures

Our management, with the participation and supervision of our Chief Executive Officer and our Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we are involved in various legal proceedings arising from the normal course of business activities. We are not presently a party to any litigation the outcome of which, we believe, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, cash flows or financial condition. Defending such proceedings is costly and can impose a significant burden on management and employees. We may receive unfavorable preliminary or interim rulings in the course of litigation, and there can be no assurances that favorable final outcomes will be obtained.

Item 1A. Risk Factors.

There have been no material changes from the risk factors previously disclosed in our 2023 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities by the Issuer or Affiliated Purchaser

The following table presents information with respect to the Company's purchases of its common stock during the three months ended **June 30, 2024** **September 30, 2024**:

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in Thousands)
April 1, 2024 to April 30, 2024	—		—	
May 1, 2024 to May 31, 2024	—		—	
June 1, 2024 to June 30, 2024	66,605	\$ 1.24	66,605	\$ 4,918
Total	66,605		66,605	

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in Thousands)
July 1, 2024 to July 31, 2024	817,329	\$ 1.22	817,329	\$ 3,914
August 1, 2024 to August 31, 2024	521,710	\$ 1.23	521,710	\$ 3,273
September 1, 2024 to September 30, 2024	353,285	\$ 1.27	353,285	\$ 2,820
Total	1,692,324		1,692,324	

(1) On June 11, 2024, the Company's board of directors authorized a stock repurchase program of the Company's outstanding common stock for up to \$5 million of the Company's common stock (the "Repurchase Program"). Under the Repurchase Program, the Company may make repurchases, from time to time, through open market purchases, block trades, in privately negotiated transactions, accelerated stock repurchase transactions, or by other means. The Company may also, from time to time, enter into Rule 10b5-1 plans to facilitate repurchases under this authorization. The volume, timing, and manner of any repurchases will be determined at the Company's discretion, subject to general market conditions, as well as the Company's management of capital, general business conditions, other investment opportunities, regulatory requirements and other factors. The Repurchase Program does not obligate the Company to repurchase any specific amount of common stock, has no time limit, and may be modified, suspended, or discontinued at any time without notice at the discretion of the Board of Directors.

Use of Proceeds

On July 23, 2021, we completed our IPO, in which we issued and sold 15,000,000 shares of our common stock at a price to the public of \$10.00 per share. On August 6, 2021, we issued and sold an additional 2,250,000 shares of our common stock at a price of \$10.00 per share in connection with the underwriters' exercise in full of their option to purchase additional shares of our common stock. All shares sold were registered pursuant to a registration statement on Form S-1 (File No. 333- 253699), as amended (the "Registration Statement"), declared effective by the SEC on July 20, 2021. Other than as reported in Part I, Item 5, "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities" in our 2023 10-K, there has been no material change in the expected use of the net proceeds from our IPO as described in the Registration Statement.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

During the three months ended **June 30, 2024** **September 30, 2024**, the following directors and officers of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading **arrangement**" **arrangement**," as each term is defined in Item 408(a) of Regulation S-K:

Director/Sec. 16 Officer	Action	Date Adopted	Total Shares to be Sold		End Termination Date
			Rule 10b5-1*	Non-Rule 10b5-1**	
Eynav Azaria	Modify Terminate	22-May-24	845,969	—	30-May-25
Natan Israeli	Terminate	11-Mar-24	425,774	—	25-June-24
Michal Tsur	Terminate	13-Dec-23	1,800,000	—	5-June-24 05-Aug-24

* Intended to satisfy the affirmative defense of Rule 10b5-1(c)

** Not intended to satisfy the affirmative defense of Rule 10b5-1(c)

Item 6. Exhibits

The documents listed below are incorporated by reference or are filed with this Quarterly Report on Form 10-Q, in each case as indicated below.

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed/Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Amended and Restated Certificate of Incorporation of Kaltura, Inc.	8-K	001-40644	3.1	07/23/2021	
3.2	Certificate of Designations of Series A Junior Participating Preferred Stock of Kaltura, Inc.	8-K	001-40644	3.1	08/08/2022	
3.3	Amended and Restated Bylaws of Kaltura, Inc.	8-K	001-40644	3.2	07/23/2021	
4.1	Specimen Common Stock Certificate of Kaltura, Inc.	S-1/A	333-253699	4.1	03/23/2021	
4.2	Sixth Amended and Restated Investor Rights Agreement, dated as of July 22, 2016, by and among Kaltura, Inc. and each of the investors listed on Exhibit A thereto, as amended.	S-1/A	333-253699	4.2	03/23/2021	

4.3	Sixth Amendment to Credit Agreement, dated as of July 22, 2024, the subsidiaries of the Borrower party thereto, the several banks and other financial institutions or entities party thereto, and Silicon Valley Bank, as the Administrative Agent, the Issuing Lender and the Swingline Lender.	*
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a).	*

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed/Furnished Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Amended and Restated Certificate of Incorporation of Kaltura, Inc.	8-K	001-40644	3.1	07/23/2021	
3.2	Certificate of Designations of Series A Junior Participating Preferred Stock of Kaltura, Inc.	8-K	001-40644	3.1	08/08/2022	
3.3	Amended and Restated Bylaws of Kaltura, Inc.	8-K	001-40644	3.2	07/23/2021	

4.1	Specimen Common Stock Certificate of Kaltura, Inc.	S-1/A	333-253699	4.1	03/23/2021	
4.2	Sixth Amended and Restated Investor Rights Agreement, dated as of July 22, 2016, by and among Kaltura, Inc. and each of the investors listed on Exhibit A thereto, as amended.	S-1/A	333-253699	4.2	03/23/2021	
10.1	Sixth Amendment to Credit Agreement, dated as of July 22, 2024, the subsidiaries of the Borrower party thereto, the several banks and other financial institutions or entities party thereto, and Silicon Valley Bank, as the Administrative Agent, the Issuing Lender and the Swingline Lender.	10-Q	001-40644	4.3	08/08/2024	
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a).					*
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a).					*
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.					**

32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.	**
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document	*
101.SCH	Inline XBRL Taxonomy Extension Schema Document	*

31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a).	*
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.	**
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.	**
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL 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 (as formatted as Inline XBRL and contained in Exhibit 101)	*

* Filed herewith.

** Furnished herewith.

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.

KALTURA, INC.

Date: August 8, 2024 November 6, 2024

By: /s/ Ron Yekutieli

Ron Yekutieli
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

Date: August 8, 2024 November 6, 2024

By: /s/ John Doherty

John Doherty
Chief Financial Officer
(Principal Financial and Accounting Officer)

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EXECUTION VERSION

SIXTH AMENDMENT TO CREDIT AGREEMENT

This Sixth Amendment to Credit Agreement (this “**Amendment**”) dated and effective as of July 22, 2024 by and among KALTURA, INC., a Delaware corporation (the “**Borrower**”), the Subsidiaries of the Borrower party hereto (the “**Guarantors**”), the several banks and other financial institutions or entities party hereto (the “**Lenders**”), and SILICON VALLEY BANK, A DIVISION OF FIRST-CITIZENS BANK & TRUST COMPANY (“**SVB**”), as the Administrative Agent (SVB, in such capacity, the “**Administrative Agent**”), the Issuing Lender and the Swingline Lender.

WITNESSETH:

WHEREAS, the Borrower, the Administrative Agent, the Issuing Lender and the Swingline Lender are parties to that certain Credit Agreement dated as of January 14, 2021, as amended by that certain First Amendment to Credit Agreement dated as of June 29, 2021, as further amended by that certain Second Amendment to Credit Agreement dated as of December 20, 2021, as further amended by that certain Third Amendment to Credit Agreement dated as of April 19, 2022, as further amended by that certain Fourth Amendment to Credit Agreement dated as of May 23, 2023, and as further amended by that certain Fifth Amendment to Credit Agreement dated as of December 21, 2023 (as the same may be further amended, modified, supplemented or restated and in effect from time to time, the “**Credit Agreement**”); and

WHEREAS, the Borrower has requested that the Lenders and the Administrative Agent agree to modify and amend certain terms and conditions of the Credit Agreement subject to the terms and conditions of this Amendment.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

- Capitalized Terms.** All capitalized terms used herein and not otherwise defined shall have the same meaning herein as in the Credit Agreement.
- Amendment to Section 1.1 of the Credit Agreement.** The definition of the term “Liquidity” in Section 1.1 of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“**Liquidity**”: at any time, the sum of (a) the aggregate amount of unrestricted cash and Cash Equivalents held at such time by the Loan Parties in Deposit Accounts or Securities Accounts that are either (i) subject to Control Agreements in favor of the Administrative Agent, (ii) otherwise subject to a first priority perfected Lien in favor of the Administrative Agent or (iii) maintained with SVB in the United States or with HSBC in the UK (solely to the extent that such Deposit Accounts or Securities Accounts are subject to the UK Debenture), and (b) the Available Revolving Commitment at such time.”

3. Amendment to Section 7.6 of the Credit Agreement. Section 7.6(f) of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“(f) the Group Members may make Restricted Payments not otherwise permitted by one of the foregoing clauses of this Section 7.6; provided that (i) the aggregate amount of all

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such Restricted Payments made pursuant to this clause (f) shall not exceed \$5,000,000 in the aggregate, (ii) immediately after giving effect to any such Restricted Payment, Liquidity shall be at least \$40,000,000, and (iii) no Default or Event of Default has occurred and is continuing or would arise as a result of the making of any such Restricted Payment;”

To dispel doubt, the Liquidity requirement pursuant to the amended Section 7.6 of the Credit Agreement above, shall not apply to nor shall change the \$20,000,000 Minimum Liquidity covenant in Section 7.1(b) of the Credit Agreement.

4. Conditions Precedent to Effectiveness. The effectiveness of this Amendment shall be subject to the prior or concurrent satisfaction of each of the following conditions precedent (the date on which such conditions are satisfied, the “**Sixth Amendment Effective Date**”):

- (a) Amendment. The Administrative Agent shall have received this Amendment duly executed and delivered by the Administrative Agent, the Loan Parties and the Lenders;
- (b) Approvals. All Governmental Approvals and consents and approvals of, or notices to, any other Person (including the holders of any Capital Stock issued by any Loan Party) required in connection with the execution, delivery and performance of this Amendment, shall have been obtained and be in full force and effect.
- (c) No Material Adverse Effect. There shall not have occurred since December 31, 2022 any event or condition that has had or that could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.
- (d) No Default. No Default or Event of Default shall have occurred and be continuing on the Sixth Amendment Effective Date.
- (e) Payment of Fees and Expenses. The Lenders and the Administrative Agent shall have received all amounts required to be paid pursuant to Section 5.
- (f) Representations and Warranties. Immediately after giving effect to this Amendment, each of the representations and warranties set forth in this Amendment, the Credit Agreement, as amended by this Amendment, and after giving effect hereto, and the other Loan Documents to which it is a party (i) that is qualified by materiality shall be true and correct, and (ii) that is not qualified by materiality, shall be true and correct in all material respects, in each case, on and as of such date as if made on and as of such date, except to the extent any such representation and warranty expressly relates to an earlier date, in which case such representation and warranty shall have been true and correct in all material respects (or all respects, as applicable) as of such earlier date.

For purposes of determining compliance with the conditions specified in this Section 3, each Lender that has executed this Amendment shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent (or made available) by the Administrative Agent to such Lender for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to such Lender, unless an officer of the Administrative

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Agent responsible for the transactions contemplated by the Loan Documents shall have received notice from such Lender prior to the Sixth Amendment Effective Date specifying such Lender's objection thereto and either such objection shall not have been withdrawn by notice to the Administrative Agent to that effect on or prior to the Sixth Amendment Effective Date or, if any extension of credit on the Sixth Amendment Effective Date has been requested, such Lender shall not have made available to the Administrative Agent on or prior to the Sixth Amendment Effective Date such Lender's Revolving Percentage of such requested extension of credit.

5. Representations and Warranties. Each Loan Party hereby represents and warrants to the Administrative Agent and the Lenders, effective as of the Sixth Amendment Effective Date, as follows:

- (a) This Amendment is, and each other Loan Document to which it is or will be a party, when executed and delivered by each Loan Party that is a party thereto, will be the legally valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its respective terms, except as enforcement may be limited by equitable principles (whether enforcement is sought by proceedings in equity or at law) or by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally.
- (b) Immediately after giving effect to this Amendment, the representations and warranties set forth in this Amendment, the Credit Agreement, as amended by this Amendment and after giving effect hereto, and the other Loan Documents to which it is a party (i) that is qualified by materiality shall be true and correct, and (ii) that is not qualified by materiality, shall be true and correct in all material respects, in each case, on and as of such date as if made on and as of such date, except to the extent any such representation and warranty expressly relates to an earlier date, in which case such representation and warranty shall have been true and correct in all material respects (or all respects, as applicable) as of such earlier date.
- (c) The execution and delivery by each Loan Party of this Amendment and the other Loan Documents executed and delivered in connection herewith, and the performance by Loan Parties of their obligations hereunder and thereunder and by the Borrower of its obligations under the Credit Agreement, as amended by this Amendment, (i) have been duly authorized by all necessary organizational action on the part of such Loan Party and (ii) does not (A) violate any provisions of the Operating Documents of such Loan Party or (B) constitute a violation by such Loan Party of any material Requirement of Law or Contractual Obligation of such Loan Party.
- (d) No Default or Event of Default has occurred and is continuing as of the Sixth Amendment Effective Date.

6. Payment of Costs and Fees. The Borrower shall pay to the Administrative Agent all reasonable and documented out-of-pocket costs, expenses, and fees and charges of every kind in connection with the preparation, negotiation, execution and delivery of this Amendment and any documents and instruments relating hereto (which costs include, without limitation, the reasonable fees and expenses of any attorneys retained by the Administrative Agent).

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7. Choice of Law, etc. This Amendment and the rights of the parties hereunder, shall be determined under, governed by, and construed in accordance with the internal laws (and not the conflict of law rules) of the State of New York. The provisions of Section 10.14 (Submission to Jurisdiction; Waivers) of the Credit Agreement are incorporated herein by reference *mutatis mutandis* with the same force and effect as if expressly written herein

8. Counterpart Execution. This Amendment may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Amendment by signing any such counterpart. Delivery of an executed counterpart of this Amendment by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Amendment.

9. Effect on Loan Documents.

- (a) The Credit Agreement, as amended hereby, and each of the other Loan Documents, as amended hereby, shall be and remain in full force and effect in accordance with their respective terms and hereby are ratified and confirmed in all respects. Each Loan Party hereby further ratifies and reaffirms the validity and enforceability of all of the Liens heretofore granted pursuant to terms and subject to the conditions set forth in the Guarantee and Collateral Agreement, the other Security Documents or any other Loan Document to the Administrative Agent on behalf and for the benefit of the Secured Parties, as collateral security for the obligations under the Loan Documents in accordance with their respective terms, and acknowledges that all of such Liens, and all collateral heretofore pledged as security for such obligations, continues to be and remain collateral for such obligations from and after the date hereof. Each Loan Party hereby further ratifies and reaffirms the validity and enforceability of the appointment of the Administrative Agent as attorney-in-fact under each applicable Loan Document all pursuant to terms and subject to the conditions set forth therein. The execution, delivery, and performance of this Amendment shall not operate, except as expressly set forth herein, as a modification or waiver of any right, power, or remedy of the Administrative Agent or any Lender under the Credit Agreement, the Guarantee and Collateral Agreement or any other Loan Document. Nothing herein contained shall be construed as a substitution or novation of the Obligations outstanding under the Credit Agreement, the Loan Documents or instruments securing the same. The amendments, consents, modifications and other agreements herein are limited to the specifics hereof (including facts or occurrences on which the same are based), shall not apply with respect to any facts or occurrences other than those on which the same are based, shall not excuse any non-compliance with the Loan Documents as amended herein, and shall not operate as a consent or waiver to any matter under the Loan Documents as amended herein. Except for the amendments to the Credit Agreement expressly set forth herein, the Credit Agreement, the Guarantee and Collateral Agreement and other Loan Documents shall remain unchanged and in full force and effect. To the extent any terms or provisions of this Amendment conflict with those of the Credit Agreement or other Loan Documents, the terms and provisions of this Amendment shall control.
- (b) To the extent that any terms and conditions in any of the Loan Documents shall contradict or be in conflict with any terms or conditions of the Credit Agreement after giving effect to

this Amendment, such terms and conditions are hereby deemed modified or amended accordingly to reflect the terms and conditions of the Credit Agreement as modified or amended hereby.

- (c) This Amendment is a Loan Document.

10. **Entire Agreement.** This Amendment, and terms and provisions hereof, the Credit Agreement and the other Loan Documents constitute the entire understanding and agreement between the parties hereto with respect to the subject matter hereof and supersedes any and all prior or contemporaneous amendments or understandings with respect to the subject matter hereof, whether express or implied, oral or written.

11. **Severability.** In case any provision in this Amendment shall be invalid, illegal or unenforceable, such provision shall be severable from the remainder of this Amendment and the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

[Signature pages follow]

In Witness Whereof, the parties hereto have caused this Amendment to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

BORROWER:

KALTURA, INC.

By:

Name:

Title:

[Signature Page to Sixth Amendment to Credit Agreement]

ny-2619197

GUARANTOR:

Executed as a deed by)
Kaltura Europe Limited)
acting by)
Director

in the presence of:)

.....
Witness Signature
Name:
Address:
Occupation:

[Signature Page to Sixth Amendment to Credit Agreement]

ny-2619197

ADMINISTRATIVE AGENT, ISSUING LENDER, SWINGLINE LENDER AND A LENDER:

FIRST-CITIZENS BANK & TRUST COMPANY

By:
Name:
Title:

[Signature Page to Sixth Amendment to Credit Agreement]

ny-2619197

Exhibit 31.1

CERTIFICATION

I, Ron Yekutieli, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Kaltura, 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; and
 - (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(s) 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: August 8, 2024 November 6, 2024

By: /s/ Ron Yekutieli

Ron Yekutieli
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, **Yaron Garmazi**, **John Doherty**, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Kaltura, 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; and
 - (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(s) 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: **August 8, 2024** **November 6, 2024**

By:

/s/ John Doherty

John Doherty

Chief Financial Officer

(Principal Financial and Accounting Officer)

**CERTIFICATION 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 Quarterly Report on Form 10-Q of Kaltura, Inc. (the "Company") for the period ended **June 30, 2024** **September 30, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2024 November 6, 2024

By: /s/ Ron Yekutiel

Ron Yekutiel

Chairman, President and Chief Executive Officer

(Principal Executive Officer)

Exhibit 32.2

**CERTIFICATION 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 Quarterly Report on Form 10-Q of Kaltura, Inc. (the "Company") for the period ended June 30, 2024 September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 8, 2024 November 6, 2024

By: /s/ John Doherty

John Doherty

Chief Financial Officer

(Principal Financial and Accounting Officer)

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