

Bridgeline Digital, Inc.
Form 424B4
October 18, 2018

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Registration No. 333-227430

PROSPECTUS

1,424,000 Class A Units Consisting of Common Stock and Warrants
4,288 Class B Units Consisting of Series B Convertible Preferred Stock and Warrants
8,576,000 Shares of Common Stock Underlying the Series B Convertible Preferred Stock
10,000,000 Shares of Common Stock Underlying
the Warrants Issued with the Class A Units and Class B Units

Bridgeline Digital, Inc.

We are offering 1,424,000 Class A Units at a public offering price of \$0.50 per Class A Unit, each Class A Unit consisting of one share of our common stock and one warrant to purchase one share of our common stock at an exercise price of \$0.50, an amount equal to the public offering price of the Class A Units, which warrants will be exercisable upon issuance and will expire five years from the date of issuance. The shares of common stock and warrants that are part of a Class A Unit are immediately separable and will be issued separately in this offering. We are also offering the shares of common stock issuable upon exercise of warrants sold in Class A Units.

We are also offering 4,288 Class B Units to those purchasers whose purchase of Class A Units in this offering would otherwise result in the purchaser, together with its affiliates and certain related parties, beneficially owning more than 4.99% of our outstanding common stock immediately following the consummation of this offering. Each Class B Unit consists of one share of our newly designated Series B Convertible Preferred Stock ("Series B Preferred") with a stated value of \$1,000 per share and convertible into shares of our common stock at a conversion price of \$0.50, an amount equal to the public offering price of the Class A Units, together with the equivalent number of warrants as would have been issued to such purchaser if they had purchased Class A Units, rather than Class B Units, based on the public offering price of Class B Units purchased. For each Class B Unit we sell, the number of Class A Units we are offering will be decreased on a dollar-for-dollar basis. Because we will issue a common stock purchase warrant as part of each Class A Unit or Class B Unit, the number of warrants sold in this offering will not change as a result of a change in the mix of the Class A Units and Class B Units sold. The shares of Series B Preferred and warrants that are part of a Class B Unit are immediately separable and will be issued separately in this offering. We are also offering the shares of common stock issuable upon exercise of the warrants sold in Class B Units and conversion of the Series B Preferred.

Our common stock is currently listed on the Nasdaq Capital Market under the symbol "BLIN." The last reported sale price of our common stock on October 16, 2018 was \$0.70 per share.

The public offering price of \$0.50 per Class A Unit was determined through negotiation between us, the underwriter and investors based on market conditions at the time of pricing, and is at a discount to the market price of our common stock. The public offering price of the Class B Units is \$1,000 per unit. There is no established trading market for the warrants or the Series B Preferred and we do not expect a market to develop. In addition, we have not and do not intend to apply for the listing of the warrants or the Series B Preferred on the Nasdaq Capital Market or any other national securities exchange or other trading market. Without an active trading market, the liquidity of the warrants and the Series B Preferred will be limited.

Investing in our securities involves risks. See “Risk Factors” beginning on page 8 of this prospectus for a discussion of the risks that you should consider in connection with an investment in our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Class A Unit	Per Class B Unit	Total
Public offering price	\$0.50	\$1,000	\$5,000,000
Underwriting discounts and commissions (1)	\$0.035	\$70	\$350,000
Proceeds, before expenses, to us	\$0.465	\$930	\$4,650,000

(1) We have also agreed to issue to the representative of the underwriters a five-year warrant to purchase up to 500,000 shares of our common stock, an amount equal to 5% of the aggregate number of shares of our common stock sold as part of the Class A Units and shares of our common stock into which the shares of Series B Preferred sold as part of the Class B Units are convertible, with an exercise price equal to the greater of (i) the public offering price per Class A Unit in this offering and (ii) the closing price of our common stock on October 19, 2018, the closing date of this offering, as reported by the Nasdaq Capital Market (the “Representative’s Warrants”). In addition, we have also agreed to reimburse the underwriters for certain expenses. See “Underwriting” beginning on page 38 for additional information regarding this warrant and underwriting compensation generally.

We have granted a 45-day option to the representative of the underwriters to purchase (i) a maximum of 1,500,000 additional shares of common stock (15% of the shares of common stock sold as part of the Class A Units and shares of common stock issuable upon conversion of the Series B Preferred sold as part of the Class B Units), and/or (ii) warrants to purchase a maximum of 1,500,000 shares of common stock (15% of the warrants included as part of the Class A Units and Class B Units sold in this offering), solely to cover over-allotments, if any.

The underwriters expect to deliver the securities to purchasers on or about October 19, 2018, subject to customary closing conditions.

ThinkEquity
a division of Fordham Financial Management, Inc.

The date of this prospectus is October 16, 2018

BRIDGELINE DIGITAL, INC.

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ABOUT THIS PROSPECTUS

We have not, and the underwriters have not, authorized anyone to provide you with information different than that which is contained in or incorporated by reference in this prospectus or in any free writing prospectus that we have authorized for use in connection with this offering. We are offering to sell, and seeking offers to buy, the securities covered hereby only in jurisdictions where offers and sales are permitted. The distribution of this prospectus and the offering of the securities in certain jurisdictions may be restricted by law. This prospectus does not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, any securities offered by this prospectus by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation. You should assume that the information appearing in this prospectus, the documents incorporated by reference in this prospectus, and in any free writing prospectus that we have authorized for use in connection with this offering, is accurate only as of the date of those respective documents. Our business, financial condition, results of operations and prospects may have changed since those dates. You should read this prospectus, the documents incorporated by reference in this prospectus, and any free writing prospectus that we have authorized for use in connection with this offering, in their entirety before making an investment decision. You should also read and consider the information in the documents to which we have referred you in the sections of this prospectus entitled “Where You Can Find More Information” and “Incorporation of Certain Information by Reference.”

For investors outside of the United States: No action is being taken in any jurisdiction outside of the United States that would permit a public offering of the securities or possession or distribution of this prospectus in any such jurisdiction. Persons outside of the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the securities and the distribution of this prospectus outside of the United States.

We further note that the representations, warranties and covenants made by us in any agreement that is filed as an exhibit to any document that is incorporated by reference in this prospectus were made solely for the benefit of the parties to such agreement, including, in some cases, for the purpose of allocating risk among the parties to such agreements, and should not be deemed to be a representation, warranty or covenant to you. Moreover, such representations, warranties or covenants were accurate only as of the date when made. Accordingly, such representations, warranties and covenants should not be relied on as accurately representing the current state of our affairs.

Unless the context requires otherwise, references in this prospectus to “Bridgeline,” “Bridgeline Digital,” the “Company,” “we,” “us,” and “our” refer to Bridgeline Digital, Inc., a Delaware corporation.

This prospectus and the information incorporated herein by reference include trademarks, servicemarks and tradenames owned by us or other companies. All trademarks, servicemarks and tradenames included or incorporated by reference in this prospectus are the property of their respective owners.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our securities. Before deciding to invest in our securities, you should read this entire prospectus carefully, including the section of this prospectus entitled “Risk Factors” beginning on page 8 of this prospectus. All brand names or trademarks appearing in this report are the property of their respective holders. Unless the context requires otherwise, references in this report to “Bridgeline,” the “Company,” “we,” “us,” and “our” refer to Bridgeline Digital, Inc., a Delaware corporation.

Overview

Bridgeline Digital, The Digital Engagement Company™, helps customers maximize the performance of their full digital experience from websites and intranets to online stores. Bridgeline’s Unbound platform integrates Web Content Management, eCommerce, eMarketing, Social Media management, and Web Analytics (Insights) with the goal of assisting marketers deliver digital experiences that attract, engage and convert their customers across all channels. Bridgeline’s Unbound platform combined with its digital services assists customers in maximizing on-line revenue, improving customer service and loyalty, enhancing employee knowledge, and reducing operational costs. Our Unbound franchise product is a platform that empowers large franchise and multi-unit organizations with state-of-the-art web engagement management while providing superior oversight of corporate branding. Our Unbound franchise product also deeply integrates content management, eCommerce, eMarketing and web analytics on one unified platform.

The Unbound platform is delivered through a cloud-based software as a service (“SaaS”) multi-tenant business model, whose flexible architecture provides customers with state of the art deployment providing maintenance, daily technical operation and support; or via a traditional perpetual licensing business model, in which the software resides on a dedicated server in either the customer’s facility or hosted by Bridgeline via a cloud-based hosted services model.

The Bridgeline Unbound Platform is an award-winning application recognized around the globe. Our teams of Microsoft Gold© certified developers have won over 100 industry related awards. In 2017, our Marketing Automation platform was named a 2017 SIIA CODiE Award finalist in the Best Marketing Solution category. In 2016, CIO Review selected Bridgeline Unbound (formerly iAPPS) as one of the 20 Most Promising Digital Marketing Solution Providers. This followed accolades from the SIIA (Software and Information Industry Association) which recognized Content Manager with the 2015 SIIA CODiE Award for Best Web Content Management Platform. Also in 2015, EContent magazine named Bridgeline’s Unbound Digital Engagement Platform to its Trendsetting Products list. The list of 75 products and platforms was compiled by EContent’s editorial staff, and selections were based on each offering’s uniqueness and importance to digital publishing, media, and marketing. We were also recognized in 2015 as a strong performer by Forrester Research, Inc in its independence report, “The Forrester Wave™: Through-Channel Marketing Automation Platforms, Q3 2015.” In recent years, our Content Manager and Commerce products were selected as finalists for the 2014, 2013, and 2012 CODiE Awards for Best Content Management Solution and Best Electronic Commerce Solution, globally. In 2014 and 2013, Bridgeline Digital won twenty-five Horizon Interactive Awards for outstanding development of web applications and websites. Also in 2013, the Web Marketing Association sponsored Internet Advertising Competition honored Bridgeline Digital with three awards for customer websites and B2B Magazine selected Bridgeline Digital as one of the Top Interactive Technology companies in the United States. KMWorld Magazine Editors selected Bridgeline Digital as one of the 100 Companies That Matter in Knowledge Management and also selected Bridgeline’s Unbound (formerly iAPPS) as a Trend Setting Product in 2013.

Corporate Information

We were incorporated in the state of Delaware in 2000. Our principal place of business is located at 80 Blanchard Road, Burlington, Massachusetts 01803. Our telephone number is (781) 376-5555. We maintain a corporate website at <http://www.bridgeline.com>. The information contained on our website is not, and should not be interpreted to be, a part of this prospectus.

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THE OFFERING

The following summary contains general information about this offering. The summary is not intended to be complete. You should read the full text and more specific details contained elsewhere in this prospectus.

Issuer	Bridgeline Digital, Inc.
Class A Units Offered by us	1,424,000 Class A Units, with each Class A Unit consisting of one share of our common stock and a warrant to purchase one share of our common stock at an exercise price equal to the per unit public offering price of the Class A Units, or \$0.50. The Class A Units will not be certificated and the shares of common stock and warrants that are part of such units will be immediately separable and will be issued separately in this offering. Assuming no exercise of the over-allotment option and that we sell 1,424,000 Class A Units (and 4,288 Class B Units) at a public offering price of \$0.50 per Class A Unit and \$1,000 per Class B unit, we would issue in this offering an aggregate of 1,424,000 shares of our common stock and warrants to purchase an aggregate of 10,000,000 shares of our common stock, including warrants to purchase 1,424,00 shares of common stock being issued as part of the Class A Units and warrants to purchase 8,576,000 shares of common stock being issued as part of the Class B Units. The offering price per Class A Unit was negotiated between us and the underwriters based on the trading of our common stock prior to the offering, among other things, and is at a discount to the market price. We are also offering the shares of common stock issuable upon exercise of warrants sold as part of the Class A Units.
Public Offering Price per Class A Unit	\$0.50 per Class A Unit
Class B Units Offered by us	4,288 Class B Units. Each purchaser whose purchase of Class A Units in this offering would otherwise result in the purchaser, together with its affiliates and certain related parties, beneficially owning more than 4.99% of our outstanding common stock immediately following the consummation of this offering, will receive, at such purchaser's election, Class B Units, in lieu of Class A Units. Each Class B Unit consists of one share of our Series B Preferred, with a stated value of \$1,000 per share and convertible into that number of shares of our common stock equal to the stated value divided by the conversion price of \$0.50, an amount equal to the per unit public offering price of the Class A Units, together with an equivalent number of warrants as would have been issued to such purchaser if they had purchased Class A Units based on the per unit public offering price of the Class A Units. The Class B Units will not be certificated and the shares of Series B Preferred and warrants that are part of such unit will be immediately separable and will be issued separately in this offering. We are also offering the shares of common stock issuable upon exercise of warrants sold in Class B Units and shares issuable upon conversion of the shares of Series B Preferred sold in each Class B Unit. Because we will issue a warrant as part of each Class A Unit and Class B Unit (together, the "Units"), the number of warrants sold in this offering will not change as a result of a change in the mix of the Units sold.
Public Offering Price per Class B Unit	\$1,000 per Class B Unit

Warrants Offered by us	<p>Each warrant included in the Units will have an exercise price equal to the per unit public offering price of the Class A Units, or \$0.50 per share, will be exercisable upon issuance and will expire five years from the date of issuance. Each warrant will be exercisable to purchase one share of our common stock. No fractional shares of common stock will be issued in connection with the exercise of a warrant. In lieu of fractional shares, we will round up to the next whole share. Pursuant to the terms of the warrants, in the event of a fundamental transaction, the Company shall, at the sole option of the holder of the warrants, purchase the warrants from the holder at a price equal to the Black Scholes Value (as defined in the warrant) on the date of the consummation of such fundamental transaction; provided, however, that if the fundamental transaction is not within the Company’s control, the holder shall only be entitled to receive the same type of consideration that is being offered to holders of the Company’s common stock. The warrants also provide that in the event of a fundamental transaction we are required to cause any successor entity to assume our obligations under the warrants. In addition, holders of the warrants will be entitled to receive, upon exercise of the warrant, the kind and amount of securities, cash or property that the holder would have received had the holder exercised the warrant immediately prior to such fundamental transaction. This prospectus also relates to the offering of the shares of common stock issuable upon exercise of the warrants.</p>
Over-allotment option	<p>We have granted a 45-day option to the underwriters to purchase (i) a maximum of 1,500,000 additional shares of common stock (15% of the shares of common stock included in the Class A Units and the shares of common stock issuable upon conversion of the Series B Preferred shares sold as part of the Class B Units) at a price of \$0.465 per share, and/or (ii) warrants to purchase a maximum of 1,500,000 shares of common stock (15% of the warrants included as part of the Units sold in this offering) at an offering price of \$0.00001 per warrant, solely to cover over-allotments, if any.</p>
Common Stock to be Outstanding Immediately after this Offering	<p>14,241,255 shares of our common stock, assuming that all shares of Series B Preferred sold as part of the Class B Units in this offering are converted to shares of common stock and that none of the warrants offered hereby are exercised. If the underwriters exercise their over-allotment option in full, the total number of shares of common stock outstanding immediately after this offering would be 15,741,255 assuming that all shares of Series B Preferred sold as part of the Class B Units in this offering are converted to shares of common stock and that none of the warrants offered hereby are exercised.</p>
Series B Convertible Preferred Stock	<p>The shares of Series B Preferred offered as a part of the Class B Units will be convertible into that number of shares of our common stock equal to the stated value, or \$1,000, divided by the conversion price of \$0.50, an amount equal to the per unit offering price of the Class A Units (subject to adjustment as provided in the related certificate of designation of preferences, rights and limitations), at any time at the option of the holder,. See “Description of Securities We Are Offering” for a discussion of the terms of the Series B Preferred.</p>
Use of Proceeds	<p>We estimate that we will receive net proceeds from this offering of approximately \$3.4 million, or approximately \$4.1 million if the underwriters exercise their over-allotment option in full, in each case, after deducting underwriting discounts and commissions, our estimated offering expenses and amounts necessary to repay certain term notes.</p> <p>We currently intend to use a portion of the net proceeds that we receive from this offering to repay certain term notes, and to utilize the remaining net proceeds for research and development, working capital needs, capital expenditures and other general corporate purposes. In addition, we</p>

may use a portion of the net proceeds from this offering to pursue potential strategic acquisitions, although we do not have any specific plans or arrangements to do so at this time. See “Use of Proceeds” on page 17 of this prospectus.

Risk Factors

Investing in our securities involves significant risks. Before making a decision whether to invest in our securities, please read the information contained in or incorporated by reference under the heading “Risk Factors” in this prospectus, the documents we have incorporated by reference herein, and under similar headings in other documents filed after the date hereof and incorporated by reference into this prospectus. See “Incorporation of Certain Information by Reference” and “Where You Can Find More Information.”

“BLIN.”

Nasdaq Capital
Market Symbol

There is no established public trading market for the warrants or shares of Series B Preferred offered herein, and we do not expect an active trading market to develop. We do not intend to list the warrants or Series B Preferred on the Nasdaq Capital Market or any other securities exchange or other trading market. Without an active trading market, the liquidity of the warrants and the Series B Preferred will be limited.

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The number of shares of our common stock shown above to be outstanding immediately after the offering is based on 4,241,225 shares outstanding as of October 16, 2018, and assumes the issuance and sale of 1,424,000 Class A Units and 4,288 Class B Units in this offering, and assumes that all shares of Series B Preferred issued as part of the Class B Units convert to an aggregate of 8,576,000 shares of common stock. Unless we specifically state otherwise, the share information in this prospectus excludes:

459,846 shares of our common stock issuable upon the exercise of outstanding stock options outstanding at a weighted-average exercise price of \$6.81 per share;

546,151 shares of common stock issuable upon the exercise of warrants at a weighted-average exercise price of \$6.16 per share;

260,534 shares of common stock reserved for future issuance under our 2016 Stock Incentive Plan (the “2016 Plan”);

161,455 shares of common stock issuable upon conversion of 262,364 outstanding shares of Series A Convertible Preferred Stock (“Series A Preferred”); and

500,000 shares of common stock issuable upon the exercise of the Representative’s Warrants to be issued to the representative of the underwriters upon closing of this offering.

The above numbers reflect the 1-for-5 stock split effectuated by us on July 24, 2017.

Unless otherwise indicated, all information in this prospectus assumes:

no conversion of outstanding shares of Series A Preferred;

all shares of Series B Preferred issued as part of the Series B Units in this offering convert to shares of common stock;

no exercise of outstanding warrants or the outstanding stock options issued under the 2016 Plan, as described above; and

no exercise by the underwriters of their over-allotment option.

To the extent we sell any Class B Units in this offering, the same aggregate number of common stock equivalents resulting from this offering would be convertible under the Series B Preferred issued as part of the Class B Units.

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SUMMARY FINANCIAL DATA

The following tables set forth a summary of our historical financial data as of, and for the periods ended on, the dates indicated. We have derived the statements of operations data for the years ended September 30, 2017 and 2016 from our audited financial statements and the related notes appearing in our Annual Report on Form 10-K for the year ended September 30, 2017 (the “2017 10-K”), which is incorporated by reference into this prospectus. The statements of operations data for the nine-months ended June 30, 2018 and 2017 and the balance sheet data as of June 30, 2018 have been derived from our unaudited financial statements appearing in our Quarterly Report on Form 10-Q for the period ended June 30, 2018 (the “June 10-Q”), which is incorporated by reference into this prospectus. In the opinion of the management, the unaudited data reflects all adjustments, consisting of normal and recurring adjustments, necessary for a fair presentation of results as of and for these periods.

The following summary financial data should be read together with our consolidated financial statements and related notes appearing in the 2017 10-K and in the June 10-Q, as well as in the sections entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in each of the 2017 10-K and in our June 10-Q, each of which are incorporated by reference into this prospectus. Our audited consolidated financial statements have been prepared in U.S. dollars in accordance with U.S. generally accepted accounting principles. Our historical results for any prior period are not indicative of our future results, and our results for the nine-months ended June 30, 2018 may not be indicative of our results for the year ending September 30, 2018.

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Statement of Operations Data:
(dollars in thousands)

Nine Months Ended		Years Ended	
June 30,	September 30,	2017	2016
2018	2017	2017	2016