



## **Fiscal Third Quarter 2021 Earnings Conference Call**

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Yossi Aloni, Chief Executive Officer

Michael Prinn, Chief Financial Officer

Marek Kielczewski, Chief Technology Officer

Chad Hassler, Chief Commercial Officer

December 10, 2020

# Safe Harbor


*During the course of this presentation, we will provide projections and other forward-looking statements regarding future events or the future financial performance of SeaChange International, Inc. (the Company), including expectations concerning our business strategy for this year and beyond. Such statements are only current expectations and actual events or results may differ materially. We refer you to the Company's filings with the SEC, particularly our most recent Reports on Form 10-K, Form 10-Q and Form 8-K. These documents identify important risk factors that could cause actual results to differ materially from our projections or other forward-looking statements. We will also present financial metrics determined on a "non-GAAP" basis. These items, together with the corresponding GAAP numbers and a reconciliation to GAAP, are contained in this presentation and the related earnings press release on our website at [www.seachange.com/about/news-events/](http://www.seachange.com/about/news-events/).*

# Presenters



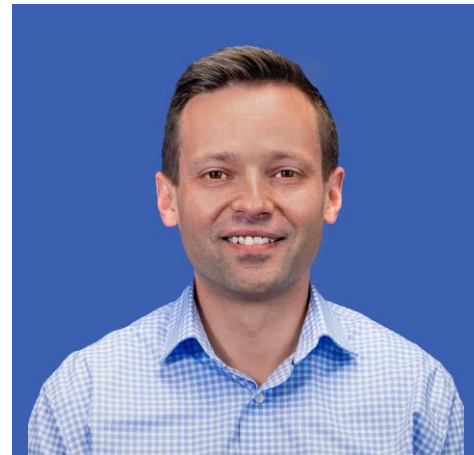
**Yossi Aloni**  
**CEO**

*Previously*  
CCO, Euronext: ATEME SA




**Michael Prinn**  
**CFO**

*Previously*  
VP Finance, Brightcove



**Marek Kielczewski**  
**CTO**

*Previously*  
Director, 7bulls S.A.



**Chad Hassler**  
**CCO**

*Previously*  
VP North America, ATEME

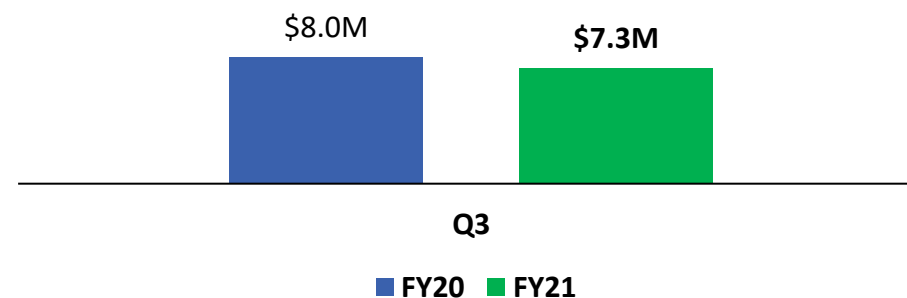
# FY Q3 2021 and Recent Highlights

- 10 customer wins since August, across full offering suite:  
*Framework, Advertising Solutions, New Video Apps platform*
- Launched 'Video Apps' to enable content owners to launch OTT TV apps and deliver content directly through Smart TVs and connected platforms (*e.g., Roku, Amazon Fire TV, Chromecast, Apple TV*)
- Strategic pivot and Video Apps platform addresses the market's accelerated shift in spending in response to COVID-19 changes in consumer behavior
- Strong demand from content owners for Video Apps with active discussions with ~50 content owners since launch

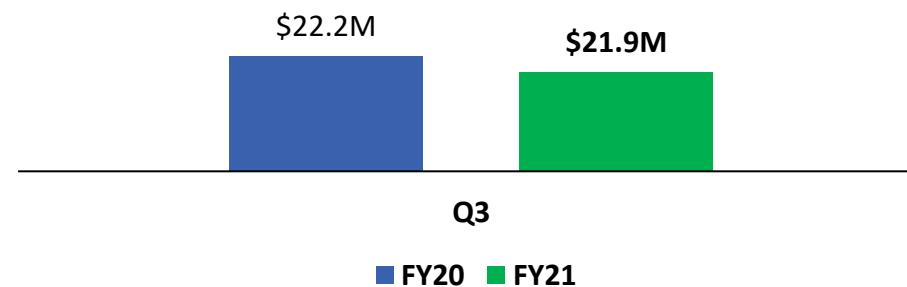
# Financial Overview

- **Total revenue** was \$5.0M, flat compared to in Q2-21
- **Product revenue** was \$1.0M (or 21% of total revenue) compared to \$1.1M (or 21% of total revenue) in Q2-21
- **Service revenue** was \$3.9 million (or 79% of total revenue) compared to \$3.9 million (or 79% of total revenue) in Q2-21
- **Gross profit** was \$2.8M (or 56% of total revenue) compared to \$1.8M (or 36% of total revenue) in Q2-21
- **GAAP loss from operations** totaled \$4.6M compared to a GAAP loss from operations of \$6.2M in Q2-21
- **Non-GAAP loss from operations** totaled \$3.8M, or \$(0.10) per basic share, compared to a Non-GAAP loss from operations of \$5.1M, or \$(0.14) per basic share in Q2-21
- **GAAP net loss** totaled \$5.1M, or \$(0.14) per basic share, compared to a GAAP net loss \$5.8M, or \$(0.15) per basic share in Q2-21
- **\$6.2M in cash and marketable securities at quarter-end.** Management expects the Company's cash position at fiscal yearend to be at least \$8.5M

## Operating Expenses



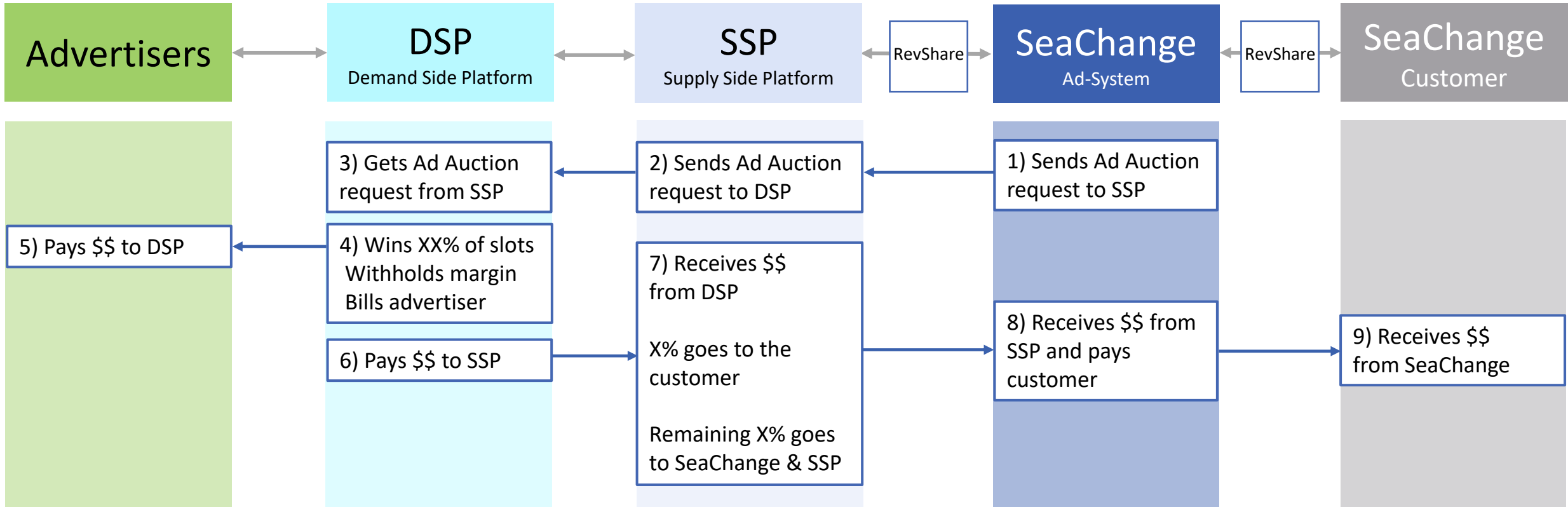
## Revenue Backlog



# Content Owners Focused on Advertising to Monetize DTC (direct-to-consumer)TV Applications

- Video Apps leverages SeaChange's proprietary Ad Insertion module to automatically source ad buyers, define ad placements, and programmatically fill advertising slots in real-time
- Ad Insertion and rich data analytics give content owners greater insights into their audiences and generate higher advertising revenue
- Revenue-share model allows SeaChange to capitalize on the growing OTT market ad spend, which is expected to exceed \$14 billion globally by 2023<sup>1</sup>

# Ad Insertion – Process, Workflow & Economics



# SeaChange Framework Expansion

- **Sales traction and momentum:**
  - 39 new wins since March 2019
  - \$63 million total contract value (TCV)
- **Secured six (6) new customer wins in Q3 and four (4) new customers wins in Q4** (ending January 31, 2021)
- Secured the **most meaningful win in Company history with one of the largest mobile network operators** in the world for Advertising Solutions
- The aggregate potential revenue opportunity for this win is approximately **\$100 million** based on the customer's annual unsold ad inventory and the revenue share SeaChange would receive to monetize it



# Key Takeaways

- ✓ 10 new customer wins secured since August, spread across the company's offering suite: Framework, Advertising Solutions and Video Apps Platform
- ✓ Robust pipeline for Video Apps with approximately 50 content owners in sales funnel
- ✓ Video Apps rev-share model allows Company to participate in the multi-billion-dollar OTT market ad market
- ✓ Over the next five years, thousands of DTC TV Apps will be launched with a need for a built-in ad monetization strategy
- ✓ SeaChange is well positioned to play a major role in powering and capitalizing on the massive DTC TV apps revolution
- ✓ At least \$8.5M of cash expected at year-end, providing sufficient runway to execute growth strategy

# Q&A