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 October 31, 2021

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: 001-38828

SEACHANGE INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Delaware	**04-3197974**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
177 Huntington Ave, Ste 1703 PMB 73480, Boston, MA	**02115**
(Address of principal executive offices)	**(Zip Code)**

(978) 897-0100

(Registrant's telephone number, including area code)

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, $0.01 Par Value	SEAC	The Nasdaq Global Select Market
Series A Participating Preferred Stock Purchase Rights	SEAC	The Nasdaq Global Select Market

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	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☐

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 outstanding of the registrant's Common Stock on December 1, 2021 was 49,040,253.

SEACHANGE INTERNATIONAL, INC.

Table of Contents

PART I – FINANCIAL INFORMATION

ITEM 1. Financial Statements

SEACHANGE INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited, amounts in thousands, except share data)

	October 31, 2021	January 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 17,551	$ 5,856
Marketable securities	—	252
Accounts receivable, net of allowance for doubtful accounts of $521 and $934 at October 31, 2021 and January 31, 2021, respectively	5,374	6,050
Unbilled receivables	9,708	9,359
Prepaid expenses and other current assets	2,553	4,372
Total current assets	35,186	25,889
Property and equipment, net	512	605
Operating lease right-of-use assets	2,283	4,968
Intangible assets, net	303	1,272
Goodwill	10,176	10,577
Unbilled receivables	5,438	6,340
Other assets	617	757
Total assets	$ 54,515	$ 50,408
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 1,700	$ 1,825
Accrued expenses	3,571	4,277
Deferred revenue	2,944	4,737
Promissory note	—	1,340
Total current liabilities	8,215	12,179
Deferred revenue	65	657
Operating lease liabilities	1,590	4,070
Taxes payable	659	763
Promissory note	—	1,073
Other liabilities	125	125
Total liabilities	10,654	18,867
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Common stock, $0.01 par value per share; 100,000,000 shares authorized; 49,212,173 shares issued and 49,040,253 shares outstanding at October 31, 2021; 37,811,224 shares issued and 37,639,304 shares outstanding at January 31, 2021	492	378
Additional paid-in capital	265,246	246,446
Treasury stock, at cost; 171,920 shares at October 31, 2021 and January 31, 2021	(227)	(227)
Accumulated other comprehensive loss	(721)	(73)
Accumulated deficit	(220,929)	(214,983)
Total stockholders' equity	43,861	31,541
Total liabilities and stockholders' equity	$ 54,515	$ 50,408

The accompanying notes are an integral part of these unaudited, consolidated financial statements.

SEACHANGE INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited, amounts in thousands, except per share data)

	For the Three Months Ended October 31,		For the Nine Months Ended October 31,	
	2021	2020	2021	2020
Revenue:				
Product	$ 3,511	$ 1,048	$ 7,840	$ 5,212
Service	3,640	3,918	10,903	11,664
Total revenue	7,151	4,966	18,743	16,876
Cost of revenue:				
Product	1,609	435	2,708	2,803
Service	1,830	1,755	5,375	6,974
Total cost of revenue	3,439	2,190	8,083	9,777
Gross profit	3,712	2,776	10,660	7,099
Operating expenses:				
Research and development	2,090	3,024	6,971	10,550
Selling and marketing	1,449	1,636	4,472	5,490
General and administrative	2,110	2,636	6,897	7,057
Severance and restructuring costs	75	53	646	1,082
Total operating expenses	5,724	7,349	18,986	24,179
Loss from operations	(2,012)	(4,573)	(8,326)	(17,080)
Other expense, net	(67)	(499)	(83)	(334)
Gain on extinguishment of debt	—	—	2,440	—
Loss before income taxes	(2,079)	(5,072)	(5,969)	(17,414)
Income tax provision (benefit)	26	45	(23)	(21)
Net loss	$ (2,105)	$ (5,117)	$ (5,946)	$ (17,393)
Net loss per share, basic	$ (0.04)	$ (0.14)	$ (0.13)	$ (0.46)
Net loss per share, diluted	$ (0.04)	$ (0.14)	$ (0.13)	$ (0.46)
Weighted average common shares outstanding, basic	49,040	37,556	46,334	37,436
Weighted average common shares outstanding, diluted	49,040	37,556	46,334	37,436
Comprehensive loss:				
Net loss	$ (2,105)	$ (5,117)	$ (5,946)	$ (17,393)
Other comprehensive (loss) income, net of tax:				
Foreign currency translation adjustment	(291)	(143)	(649)	1,498
Unrealized (losses) gains on marketable securities	—	(33)	1	(37)
Total other comprehensive (loss) income	(291)	(176)	(648)	1,461
Comprehensive loss	$ (2,396)	$ (5,293)	$ (6,594)	$ (15,932)

The accompanying notes are an integral part of these unaudited, consolidated financial statements.

SEACHANGE INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited, amounts in thousands except number of shares)

	Common Stock		Additional		Accumulated Other		Total
	Number of Shares	Par Value	Paid-in Capital	Treasury Stock	Comprehensive Loss	Accumulated Deficit	Stockholders' Equity
Balances at July 31, 2021	49,212,173	$ 492	$ 264,972	$ (227)	$ (430)	$ (218,824)	$ 45,983
Stock-based compensation expense	—	—	274	—	—	—	274
Foreign currency translation adjustment	—	—	—	—	(291)	—	(291)
Net loss	—	—	—	—	—	(2,105)	(2,105)
Balances at October 31, 2021	49,212,173	$ 492	$ 265,246	$ (227)	$ (721)	$ (220,929)	$ 43,861

	Common Stock		Additional		Accumulated Other		Total
	Number of Shares	Par Value	Paid-in Capital	Treasury Stock	Comprehensive Loss	Accumulated Deficit	Stockholders' Equity
Balances at July 31, 2020	37,727,987	$ 377	$ 245,817	$ (227)	$ (500)	$ (205,500)	$ 39,967
Stock-based compensation expense	—	—	437	—	—	—	437
Unrealized losses on marketable securities	—	—	—	—	(33)	—	(33)
Foreign currency translation adjustment	—	—	—	—	(143)	—	(143)
Net loss	—	—	—	—	—	(5,117)	(5,117)
Balances at October 31, 2020	37,727,987	$ 377	$ 246,254	$ (227)	$ (676)	$ (210,617)	$ 35,111

SEACHANGE INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited, amounts in thousands except number of shares)

	Common Stock		Additional	Treasury	Accumulated Other	Accumulated	Total
	Number of Shares	Par Value	Paid-in Capital	Stock	Comprehensive Loss	Deficit	Stockholders' Equity
Balances at January 31, 2021	37,811,224	$ 378	$ 246,446	$ (227)	$ (73)	$ (214,983)	$ 31,541
Issuance of common stock pursuant to vesting of restricted stock units	981,927	10	(10)	—	—	—	—
Issuance of common stock pursuant to exercise of stock options	95,538	1	136	—	—	—	137
Issuance of common stock, net of issuance costs	10,323,484	103	17,359	—	—	—	17,462
Stock-based compensation expense	—	—	1,315	—	—	—	1,315
Unrealized gains on marketable securities	—	—	—	—	1	—	1
Foreign currency translation adjustment	—	—	—	—	(649)	—	(649)
Net loss	—	—	—	—	—	(5,946)	(5,946)
Balances at October 31, 2021	49,212,173	$ 492	$ 265,246	$ (227)	$ (721)	$ (220,929)	$ 43,861

	Common Stock		Additional	Treasury	Accumulated Other	Accumulated	Total
	Number of Shares	Par Value	Paid-in Capital	Stock	Comprehensive Loss	Deficit	Stockholders' Equity
Balances at January 31, 2020	37,303,952	$ 373	$ 245,067	$ (147)	$ (2,137)	$ (193,224)	$ 49,932
Issuance of common stock pursuant to vesting of restricted stock units	379,063	4	(4)	—	—	—	—
Issuance of common stock pursuant to ESPP purchases	5,702	—	18	—	—	—	18
Issuance of common stock pursuant to exercise of stock options	39,270	—	119	—	—	—	119
Stock-based compensation expense	—	—	1,054	—	—	—	1,054
Repurchases of common stock	—	—	—	(80)	—	—	(80)
Unrealized losses on marketable securities	—	—	—	—	(37)	—	(37)
Foreign currency translation adjustment	—	—	—	—	1,498	—	1,498
Net loss	—	—	—	—	—	(17,393)	(17,393)
Balances at October 31, 2020	37,727,987	$ 377	$ 246,254	$ (227)	$ (676)	$ (210,617)	$ 35,111

The accompanying notes are an integral part of these unaudited, consolidated financial statements.

SEACHANGE INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, amounts in thousands)

	For the Nine Months Ended October 31, 2021	2020
Cash flows from operating activities:		
Net loss	$ (5,946)	$ (17,393)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	1,098	1,105
Loss on disposal of fixed assets	75	—
Gain on write-off of operating lease right-of-use assets and liabilities related to termination	(328)	—
Gain on extinguishment of debt	(2,440)	—
Recovery of bad debts	(135)	(216)
Stock-based compensation expense	1,315	1,054
Deferred income taxes	—	246
Realized and unrealized foreign currency transaction loss	399	1,498
Other	1	(26)
Changes in operating assets and liabilities:		
Accounts receivable	709	7,084
Unbilled receivables	397	4,274
Prepaid expenses and other current assets and other assets	2,007	539
Accounts payable	(93)	(1,242)
Accrued expenses and other liabilities	(230)	(3,886)
Deferred revenue	(2,329)	(2,358)
Net cash used in operating activities	(5,500)	(9,321)
Cash flows from investing activities:		
Purchases of property and equipment	(78)	(311)
Proceeds from sales and maturities of marketable securities	252	3,576
Net cash provided by investing activities	174	3,265
Cash flows from financing activities:		
Proceeds from stock option exercises	137	119
Proceeds from employee stock purchase plan	—	18
Proceeds from issuance of common stock, net of issuance costs	17,462	—
Repurchases of common stock	—	(80)
Proceeds from the Paycheck Protection Program	—	2,413
Net cash provided by financing activities	17,599	2,470
Effect of exchange rate on cash, cash equivalents and restricted cash	(467)	(587)
Net increase (decrease) in cash, cash equivalents and restricted cash	11,806	(4,173)
Cash, cash equivalents and restricted cash at beginning of period	6,084	9,297
Cash, cash equivalents and restricted cash at end of period	$ 17,890	$ 5,124
Supplemental disclosure of cash flow information		
Income taxes paid	$ 132	$ 196
Non-cash activities:		
Right-of-use assets obtained in exchange for lease obligations	$ —	$ 987
Purchases of property and equipment included in accounts payable	$ 72	$ —

The accompanying notes are an integral part of these unaudited, consolidated financial statements.

1. Nature of Business and Basis of Presentation

SeaChange International, Inc. (the "Company," "we" or similar terms), was incorporated under the laws of the state of Delaware on July 9, 1993. We are an industry leader in the delivery of multiscreen, advertising and premium over-the-top ("OTT") video management solutions. Our software products and services are designed to empower video providers to create, manage and monetize the increasingly personalized, highly engaging experiences that viewers demand.

Basis of Presentation and Principles of Consolidation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). We consolidate the financial statements of our wholly-owned subsidiaries and all intercompany transactions and account balances have been eliminated in consolidation. Certain prior period amounts have been reclassified to conform to the current year presentation.

The accompanying unaudited consolidated financial statements included herein have been prepared by the Company in accordance with the instructions to Quarterly Report on Form 10-Q and pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with U.S. GAAP have been omitted pursuant to applicable rules and regulations. In the opinion of management, all adjustments of a normal recurring nature which were considered necessary for a fair presentation have been included. The year-end consolidated balance sheet data as of January 31, 2021 was derived from our audited consolidated financial statements and may not include all disclosures required by U.S. GAAP. The results of operations for the three and nine months ended October 31, 2021 are not necessarily indicative of the results to be expected for the entire year. These consolidated financial statements should be read in conjunction with the unaudited consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the fiscal year ended January 31, 2021, filed with the SEC on April 15, 2021.

Liquidity

In the first half of fiscal 2021, we reduced our headcount across all departments in response to the ongoing COVID-19 pandemic and in the second quarter of fiscal 2021 we transferred our technical support services to our Poland location in an effort to further reduce cost. In the first quarter of fiscal 2022, we entered into a Sublease Termination Agreement (the "Termination Agreement") which terminated the office sublease for our former headquarters in Waltham, Massachusetts, effective March 21, 2021. Additionally, in the first quarter of fiscal 2022, we issued and sold 10,323,484 shares of common stock, $0.01 par value per share ("common stock"), at a public offering price of $1.85 per share (the "Offering"). The Offering resulted in approximately $17.5 million in proceeds, net of underwriting discounts and commissions of 6.5%, or $0.12025 per share of common stock, and offering expenses of approximately $0.2 million. In addition to the Offering, the Company also granted the underwriters a 45-day option to purchase up to an additional 1,548,522 shares of common stock at a purchase price of $1.85 per share, less underwriting discounts and commissions (the "Underwriter Option"). The Underwriter Option was not exercised and has expired.

In the second quarter of fiscal 2022, we were granted full forgiveness of the promissory note (the "Note") we entered into with Silicon Valley Bank in May 2020 pursuant to the Paycheck Protection Program under the Coronavirus Aid and Economic Security Act administered by the U.S. Small Business Administration ("SBA"). The aggregate principal amount of $2,412,890 and interest accrued of $27,145 at a fixed rate of one percent (1%) per annum, were fully forgiven by the SBA on June 15, 2021 and is included in the unaudited consolidated statements of operations and comprehensive loss as a gain on extinguishment of debt. These measures are important steps in restoring us to profitability and positive cash flow. We believe that existing cash and cash equivalents and cash expected to be provided by future operating results will be adequate to satisfy our working capital, capital expenditure requirements and other contractual obligations for at least 12 months from the date of this filing.

If our expectations are incorrect, we may need to raise additional funds to fund our operations or take advantage of unanticipated strategic opportunities in order to strengthen our financial position. In the future, we may enter into other arrangements for potential investments in, or acquisitions of, complementary businesses, services or technologies, which could require us to seek additional equity or debt financing. If adequate funds are not available or are not available on acceptable terms, we may not be able to take advantage of market opportunities, to develop new products or to otherwise respond to competitive pressures.

Impact of COVID-19 Pandemic

In the first quarter of fiscal 2021, concerns related to the spread of COVID-19 began to create global business disruptions as well as disruptions in our operations and to create potential negative impacts on our revenues and other financial results. COVID-19 was declared a pandemic by the World Health Organization on March 11, 2020. The extent to which COVID-19 will impact our financial condition or results of operations is currently uncertain and depends on factors including the impact on our customers, partners, and vendors and on the operation of the global markets in general. Due to our business model, the effect of COVID-19 on our results of operations may also not be fully reflected for some time.

We are currently conducting business with substantial modifications to employee travel, employee work locations, virtualization or cancellation of customer and employee events, and remote sales, implementation, and support activities, among other modifications. These decisions may delay or reduce sales and harm productivity and collaboration. We have observed other companies and governments making similar alterations to their normal business operations, and in general, the markets are experiencing a significant level of uncertainty at the current time. Virtualization of our team's sales activities could foreclose future business opportunities, particularly as our customers limit spending, which could negatively impact the willingness of our customers to enter into or renew contracts with us. The pandemic has impacted our ability to complete certain implementations, negatively impacting our ability to recognize revenue, and could also negatively impact the payment of accounts receivable and collections. We continue to realize our on-going cost optimization efforts in response to the impact of the pandemic. We may take further actions that alter our business operations as the situation evolves. As a result, the ultimate impact of the COVID-19 pandemic and the effects of the operational alterations we have made in response on our business, financial condition, liquidity, and financial results cannot be predicted at this time.

Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard

On December 6, 2021, the Company received a deficiency letter from the Nasdaq Listing Qualifications Department (the "Staff") of The Nasdaq Stock Market LLC ("Nasdaq") notifying the Company that, for the last 30 consecutive business days, the closing bid price for the Company's common stock has been below the minimum $1.00 per share required for continued listing on The Nasdaq Global Select Market pursuant to Nasdaq Listing Rule 5450(a)(1) (the "Minimum Bid Price Requirement"). The Nasdaq deficiency letter has no immediate effect on the listing of the Company's common stock, and its common stock will continue to trade on The Nasdaq Global Select Market under the symbol "SEAC" at this time.

In accordance with Nasdaq Listing Rule 5810(c)(3)(A), the Company has been given 180 calendar days, or until June 6, 2022, to regain compliance with the Minimum Bid Price Requirement. If at any time before June 6, 2022, the bid price of the Company's common stock closes at $1.00 per share or more for a minimum of 10 consecutive business days, the Staff will provide written confirmation that the Company has achieved compliance.

If the Company does not regain compliance with the Minimum Bid Price Requirement by June 6, 2022, the Company may be afforded a second 180 calendar day period to regain compliance. To qualify, the Company would be required to transfer to The Nasdaq Capital Market, to meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for The Nasdaq Capital Market, except for the Minimum Bid Price Requirement. In addition, the Company would be required to notify Nasdaq of its intent to cure the deficiency during the second compliance period. Following a transfer to The Nasdaq Capital Market, the Company will be afforded the second 180 calendar day period to regain compliance, unless it does not appear to Nasdaq that it is possible for the Company to cure the deficiency. If the Company does not regain compliance with the Minimum Bid Price Requirement by the end of the compliance period (or the second compliance period, if applicable), the Company's common stock will become subject to delisting. In the event that the Company receives notice that its common stock is being delisted, the Nasdaq listing rules permit the Company to appeal a delisting determination by the Staff to a hearings panel.

The Company intends to monitor the closing bid price of its common stock and may, if appropriate, consider available options to regain compliance with the Minimum Bid Price Requirement, including initiating a reverse stock split. However, there can be no assurance that the Company will be able to regain compliance with the Minimum Bid Price Requirement or will otherwise be in compliance with other Nasdaq Listing Rules.

2. Significant Accounting Policies

Use of Estimates

The preparation of these unaudited consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and disclosure of contingent assets and liabilities. Significant estimates and assumptions reflected in these unaudited consolidated financial statements include, but are not limited to, those related to revenue recognition, allowance for doubtful accounts, goodwill and intangible assets, impairment of long-lived assets, accounting for income taxes, the valuation of stock-based awards, and management's assessment of the Company's ability to continue as a going concern. We base our estimates on historical experience, known trends and other market-specific or relevant factors that are believed to be reasonable under the circumstances. On an ongoing basis, management evaluates its estimates as there are changes in circumstances, facts and experience. Changes in estimates are recorded in the period in which they become known. Actual results may differ from those estimates or assumptions.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash on hand and on deposit and highly liquid investments in money market mutual funds, government sponsored enterprise obligations, treasury bills, commercial paper and other money market securities with remaining maturities at the date of purchase of 90 days or less. All cash equivalents are carried at cost, which approximates fair value. Restricted cash represents cash that is restricted as to withdrawal or usage and consists primarily of cash held as collateral in relation to obligations set forth by the landlord of our Poland facility.

The following table provides a summary of (i) cash and cash equivalents and (ii) restricted cash in the consolidated statements of cash flows as of the periods presented:

	As of October 31,	
	2021	2020
	(Amounts in thousands)	
Cash and cash equivalents	$ 17,551	$ 4,904
Restricted cash	339	220
Total cash, cash equivalents and restricted cash	$ 17,890	$ 5,124

	As of January 31,	
	2021	2020
	(Amounts in thousands)	
Cash and cash equivalents	$ 5,856	$ 9,013
Restricted cash	228	284
Total cash, cash equivalents and restricted cash	$ 6,084	$ 9,297

Restricted cash is included as a component of other assets in the consolidated balance sheets.

Marketable Securities

Our investments in debt securities are classified as available-for-sale and are carried at fair value, with the unrealized gains and losses, net of tax, reported as a component of accumulated other comprehensive loss in stockholders' equity. Realized gains and losses and declines in value determined to be other than temporary are based on the specific identification method and are included as a component of other expense, net in the consolidated statements of operations and comprehensive loss.

We evaluate our investments with unrealized losses for other-than-temporary impairment. When assessing investments for other-than-temporary declines in value, we consider such factors as, among other things, how significant the decline in value is as a percentage of the original cost, how long the market value of the investment has been less than its original cost, our ability and intent to retain the investment for a period of time sufficient to allow for any anticipated recovery in fair value and market conditions in general. If any adjustment to fair value reflects a decline in the value of the investment that we consider to be "other than temporary," we reduce the investment to fair value through a charge to the consolidated statement of operations and comprehensive loss. No such adjustments were necessary during the periods presented.

Fair Value Measurements

Certain assets and liabilities are carried at fair value under U.S. GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Financial assets and liabilities carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs (other than Level 1 quoted prices), such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

Our cash equivalents and marketable securities are carried at fair value determined according to the fair value hierarchy described above. The carrying values of our accounts and other receivables, unbilled receivables, accounts payable, accrued expenses, and the Note approximate their fair values due to the short-term nature of these assets and liabilities.

Concentration of Credit Risk and of Significant Customers

Financial instruments which potentially expose us to concentrations of credit risk include cash, cash equivalents and restricted cash, marketable securities and accounts receivable. We have cash investment policies which, among other things, limit investments to investment-grade securities. We restrict our cash equivalents and marketable securities to repurchase agreements with major banks and U.S. government and corporate securities which are subject to minimal credit and market risk. We perform ongoing credit evaluations of our customers.

We sell our software products and services worldwide primarily to service providers consisting of operators, telecommunications companies, satellite operators and broadcasters. One customer accounted for 19% of total revenue for the three months ended October 31, 2021 andone customer accounted for 29% of total revenue for the three months ended October 31, 2020. One customer accounted for 12% of total revenue for the nine months ended October 31, 2021 andone customer accounted for 21% of total revenue for the nine months ended October 31, 2020.Two customers accounted for 24%, and 18% of the accounts receivable balance as of October 31, 2021. Two customers accounted for 18% and 16% of the accounts receivable balance as of January 31, 2021.

Goodwill and Acquired Intangible Assets

We record goodwill when consideration paid in a business acquisition exceeds the value of the net assets acquired. Our estimates of fair value are based upon assumptions believed to be reasonable at that time but such estimates are inherently uncertain and unpredictable. Assumptions may be incomplete or inaccurate and unanticipated events or circumstances may occur, which may affect the accuracy or validity of such assumptions, estimates or actual results.

Goodwill is tested for impairment annually on August 1st of each year and more frequently if events and circumstances indicate that the asset might be impaired. We have determined that there is a single reporting unit for the purpose of conducting the goodwill impairment assessment. Goodwill impairment is recorded if the amount of our carrying value exceeds our fair value, not to exceed the carrying amount of goodwill. Factors that could lead to a future impairment include material uncertainties such as a significant reduction in projected revenues, a deterioration of projected financial performance, future acquisitions and/or mergers, and a decline in our market value as a result of a significant decline in our stock price. There were no impairment charges recorded in fiscal 2021 or in the nine months ended October 31, 2021.

We performed our annual impairment test on August 1, 2021 using a quantitative approach. We considered macroeconomic, industry-specific and Company specific factors in addition to estimates and assumptions in our analysis. We estimated the fair value of the reporting unit using the income (or discounted cash flows model) and market approaches and determined there was no impairment as our fair value exceeded our carrying value.

Intangible assets are recorded at their estimated fair values at the date of acquisition. We amortize intangible assets over their estimated useful lives based on the pattern of consumption of the economic benefits or, if that pattern cannot be readily determined, on a straight-line basis.

Impairment of Long-Lived Assets

Long-lived assets primarily consist of property, plant and equipment and intangible assets with finite lives. Long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable. Recoverability of long-lived assets or groups of assets is assessed based on a comparison of the carrying amount to the estimated future undiscounted cash flows. If estimated future undiscounted net cash flows are less than the carrying amount, the asset is considered impaired and expense is recorded at an amount required to reduce the carrying amount to fair value. Determining the fair value of long-lived assets includes significant judgment by management, and different judgments could yield different results.

We assess the useful lives and possible impairment of existing recognized long-lived assets whenever events or changes in circumstances occur that indicate that it is more likely than not that an impairment has occurred. Factors considered important which could trigger a review include:

- significant underperformance relative to historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for our overall business;
- identification of other impaired assets within a reporting unit;
- significant negative industry or economic trends;
- a significant decline in our stock price for a sustained period; and
- a decline in our market capitalization relative to net book value.

Determining whether a triggering event has occurred involves significant judgment.

Revenue Recognition

Overview

Our revenue recognition policies follow Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers. Our revenue is derived from sales of software licenses and associated third-party hardware and support services, as well asprofessional services and support fees related to our software licenses.

The Company recognizes revenue from contracts with customers using a five-step model, which is described below:

- identify the customer contract;
- identify performance obligations that are distinct;
- determine the transaction price;
- allocate the transaction price to the distinct performance obligations; and
- recognize revenue as the performance obligations are satisfied.

Identify the customer contract

A customer contract is generally identified when there is approval and commitment from both the Company and its customer, the rights have been identified, payment terms are identified, the contract has commercial substance and collectability and consideration is probable.

Identify performance obligations that are distinct

A performance obligation is a promise to provide a distinct good or service or a series of distinct goods or services. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer, and a company's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

Determine the transaction price

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer, excluding sales and value-added taxes ("VAT") that are collected on behalf of government agencies.

Allocate the transaction price to distinct performance obligations

The transaction price is allocated to each performance obligation based on the relative standalone selling prices ("SSP") of the goods or services being provided to the customer. Our contracts typically contain multiple performance obligations, for which we account for individual performance obligations separately, if they are distinct.

Recognize revenue as the performance obligations are satisfied

We enter into contracts that include combinations of license, support and professional services, and third-party products, which are accounted for as separate performance obligations with differing revenue recognition patterns. Revenue is recognized when or as control of the promised goods or services is transferred to customers. Our software licenses are primarily delivered on a perpetual basis, whereby the customer receives rights to use the software for an indefinite time period or a specified term and delivery and revenue recognition occurs at the point in time when the customer has the ability to download or access the software. Our customers may also contract with us for a Software as a Service ("SaaS") type license whereby the customer only has a right to access the software for a defined term. SaaS licenses are recognized ratably over the subscription period beginning on the date the license is made available to customers.

Our services revenue is comprised of support services and professional services. Support services consist of software upgrades on a when-and-if available basis, telephone support, bug fixes or patches and general hardware maintenance support. Revenue related to support services is recognized ratably over the term of the contract. Professional services are recognized as the services are performed.

Revenues attributable to third-party products typically consist of hardware and related support contracts. Hardware products aretypically recognized when control is transferred to the customer, which is defined as the point in time when the client can use and benefit from the hardware. In situations where the hardware is distinct and it is delivered before services are provided and is functional without services, control is transferred upon delivery or acceptance by the customer. Revenue attributable to third-party support contracts is recognized ratably over the term of the contract.

Significant Judgments

Our contracts with customers often include promises to transfer multiple products and services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. Once we determine the performance obligations, we determine the transaction price, which includes estimating the amount of variable consideration to be included in the transaction price, if any. The transaction price is then allocated to each performance obligation in the contract based on the SSP. The corresponding revenue is recognized as the related performance obligations are satisfied.

Judgment is required to determine the SSP for each distinct performance obligation. We determine SSP based on the price at which the performance obligation is sold separately and the methods of estimating SSP under the guidance of ASC 606-10-32-33. If the SSP is not observable through past transactions, we estimate the SSP, taking into account available information such as market conditions, expected margins, and internally approved pricing guidelines related to the performance obligations. In February 2019, we began selling our software bundle called the Framework in addition to our legacy software products and services. Our legacy products were historically sold on a standalone basis and therefore the SSP and revenue recognition may differ from the Framework. A typical Framework deal licenses our software products and services, including upgrades for one fixed price. Management considers the pricing of our Framework perpetual licenses as highly variable and uncertain, and we do not have a history of selling the Framework software on a standalone basis. We recognize the portion of the transaction price allocated to the Framework software on a residual basis, as we have at least one performance obligation for which the SSP is observable. The Company notes that both hardware and support services represent observable pricing. The SSP for our legacy software is also recognized on a residual basis, as we have observable SSP for the associated support services sold with the software license based on historical observable data of selling support contracts on a standalone basis. We may also license our software as a SaaS type license, whereby our customer only has a right to access the software over a specified time period and the service includes technical support and unspecified upgrades and bug fixes. We recognize the full value of the contract ratably over the contractual term of the SaaS license.

Our services revenue is comprised of support services, software license implementation services, engineering services, training and reimbursable expenses. We have concluded that services are distinct performance obligations, with the exception of engineering services. Engineering services may be provided on a standalone basis or bundled with a license when we are providing custom development.

We utilize the cost-plus margin method to determine the SSP for our Framework support services offerings and hardware sales. For Framework support services, we calculate the average cost of support to within a small range to arrive at an average expected cost. Legacy support services are priced as a percentage of the list price of the related software license and hardware. Historically, we determined the SSP of the support services based on this pricing relationship and observable data from standalone sales of support contracts. The expected cost-plus margin for hardware is based on the cost of the hardware from third parties, plus a reasonable markup that the Company believes is reflective of a market-based reseller margin.

The SSP for services in time and materials contracts is determined by observable prices in standalone services arrangements. We estimate the SSP for fixed price services based on estimated hours adjusted for historical experience at time and material rates charged in standalone services arrangements. Revenue for fixed price services is recognized over time as the services are provided based on an input measure of hours incurred to total estimated hours.

Some of our contracts have payment terms that differ from the timing of revenue recognition, which requires us to assess whether the transaction price for those contracts include a significant financing component. We have elected the practical expedient that permits an entity to not adjust for the effects of a significant financing component if we expect that at the contract inception, the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service, will be one year or less. For those contracts in which the period exceeds the one-year threshold, this assessment, as well as the quantitative estimate of the financing component and its relative significance, requires judgment. We estimate the significant financing component provided to our customers with extended payment terms by determining the present value of the future payments by applying an average standard industry discount rate that reflects the customer's creditworthiness.

Payment terms with customers typically require payment 30 days from invoice date. Our agreements with customers do not provide for any refunds for services or products and therefore no specific reserve for such is maintained. In the infrequent instances where customers raise a concern over delivered products or services, we have endeavored to remedy the concern and all costs related to such matters have been insignificant in all periods presented.

We occasionally enter into amendments to previously executed contracts that may constitute contract modifications. The amendments are assessed to determine if (1) the additional products and services are distinct from the product and services in the original arrangement; and (2) the amount of consideration expected for the added products and services reflects the SSP of those products and services. An amendment or contract modification meeting both criteria is accounted for as a separate contract. A contract modification not meeting both criteria is considered a change to the original contract and is accounted for on either a prospective basis as a termination of the existing contract and the creation of a new contract or a cumulative catch-up basis.

Contract Balances

Contract assets consist of unbilled revenue, which is recognized as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. Unbilled receivables expected to be billed and collected within one year are classified as current assets or long-term assets if expected to be billed and collected after one year (see Note 10).

Costs to Obtain and Fulfill a Contract

We recognize an asset for the incremental costs of obtaining a contract with a customer if we expect the benefit of those costs to be longer than one year. We have determined that commissions and special incentive payments ("Spiffs") for hardware and software maintenance and support and professional services paid under our sales incentive programs meet the requirements to be capitalized under ASC 340-40. Costs to obtain a contract are amortized as selling and marketing expense over the expected period of benefit in a manner that is consistent with the transfer of the related goods or services to which the asset relates. The judgments made in determining the amount of costs incurred include whether the commissions are in fact incremental and would not have occurred absent the customer contract and the estimate of the amortization period. The commissions and Spiffs related to professional services are amortized over time as work is completed. The commissions and Spiffs for hardware and software maintenance are amortized over the life of the contract. These costs are periodically reviewed for impairment. We determined that no impairment of these assets existed as of October 31, 2021 or January 31, 2021. We have elected to apply the practical expedient and recognize the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that we otherwise would have recognized is one year or less. Total deferred capitalized commission costs were $371 thousand at October 31, 2021 and $553 thousand at January 31, 2021. Current deferred capitalized commission costs are included in prepaid expense and other current assets in our consolidated balance sheets and non-current deferred capitalized commission costs are included in other assets in our consolidated balance sheets. Capitalized commissions expensed during the nine months ended October 31, 2021 and 2020 included in the consolidated statement of operations and comprehensive loss were $182 thousand and $218 thousand, respectively.

Leases

We account for our leases in accordance with ASC 842,*Leases*. A contract is accounted for as a lease when we have the right to control the asset for a period of time while obtaining substantially all of the asset's economic benefits. We determine if an arrangement is a lease or contains an embedded lease at inception. For arrangements that meet the definition of a lease, we determine the initial classification and measurement of our right-of-use operating lease asset and corresponding liability at the lease commencement date. We determine the classification and measurement of a modified lease at the date it is modified. The lease term includes only renewal options that are reasonably assured to exercise. The present value of lease payments is typically determined by using the Company's estimated secured incremental borrowing rate for the associated lease term as interest rates implicit in the leases are not normally readily determinable. Management's policy is to utilize the practical expedient to not record leases with an original term of twelve months or less on our consolidated balance sheets. Lease payments are recognized in the consolidated statements of operations and comprehensive loss on a straight-line basis over the lease term.

Our existing leases are for facilities and equipment. None of our leases are with related parties.In addition to rent, office leases may require us to pay additional amounts for taxes, insurance, maintenance and other expenses, which are generally referred to as non-lease components. As a practical expedient, we account for the non-lease components together with the lease components as a single lease component for all of our leases. Only the fixed costs for leases are accounted for as a single lease component and recognized as part of a right-of-use asset and liability.

Net Loss Per Share

Basic net loss per share is computed by dividing net loss by the weighted average number of unrestricted common shares outstanding during the period. Diluted net loss per share is computed by dividing net loss by the sum of the weighted average number of unrestricted common shares outstanding during the period and the weighted average number of potential common shares from the assumed exercise of stock options and the vesting of shares of restricted and deferred common stock units using the "treasury stock" method when the effect is not anti-dilutive. In periods in which we report a net loss, diluted net loss per share is the same as basic net loss per share.

The number of common shares used in the computation of diluted net loss per share for the periods presented does not include the effect of the following potentially outstanding common shares because the effect would have been anti-dilutive:

	For the Three Months Ended October 31,		For the Nine Months Ended October 31,	
	2021	2020	2021	2020
	(Amounts in thousands)		(Amounts in thousands)	
Stock options	1,287	2,643	1,542	1,072
Restricted stock units	273	341	120	58
Deferred stock units	62	313	41	82
	1,622	3,297	1,703	1,212

Recently Issued Accounting Pronouncements

In December 2019, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2019-12*Income Taxes (Topic 740)*, which simplifies the accounting for income taxes and removes certain exceptions and improves consistent application of accounting principles for certain areas in Topic 740. ASU 2019-12 was effective in the first quarter of fiscal 2022 and did not have an effect on our unaudited consolidated financial statements.

Pending Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13,*Financial Instruments—Credit Losses (Topic 326)*, which introduces a new methodology for accounting for credit losses on financial instruments, including available-for-sale debt securities and accounts receivable. The guidance establishes a new "expected loss model" that requires entities to estimate current expected credit losses on financial instruments by using all practical and relevant information. Any expected credit losses are to be reflected as allowances rather than reductions in the amortized cost of available-for-sale debt securities. ASU 2016-13 is effective in the first quarter of fiscal 2024. We are currently evaluating if this guidance will have a material effect to our unaudited consolidated financial statements.

3. Fair Value Measurements

The following tables set forth our financial assets that were accounted for at fair value on a recurring basis. There were no fair value measurements of our financial assets using level 2 or level 3 inputs for the periods presented:

	Total	Fair Value at October 31, 2021 Using Level 1	Level 2
	(Amounts in thousands)		
Assets:			
Cash equivalents	$ 46	$ 46	$ —
Total	$ 46	$ 46	$ —

	Total	Fair Value at January 31, 2021 Using Level 1	Level 2
	(Amounts in thousands)		
Assets:			
Cash equivalents	$ 46	$ 46	$ —
Marketable securities:			
U.S. Treasury Notes and bonds	252	252	—
Total	$ 298	$ 298	$ -

Cash equivalents include money market funds and U.S. treasury bills.

There were no marketable securities held as of October 31, 2021. Marketable securities by security type consisted of the following as of January 31, 2021:

	As of January 31, 2021 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Amounts in thousands)			
U.S. Treasury Notes and bonds	$ 249	$ 3	$ —	$ 252
	$ 249	$ 3	$ —	$ 252

4. Consolidated Balance Sheet Detail

Property and Equipment, Net

Property and equipment, net consisted of the following:

	As of October 31, 2021	January 31, 2021
	(Amounts in thousands)	
Computer equipment, software and demonstration equipment	$ 3,286	$ 9,765
Office furniture and equipment	271	306
Leasehold improvements	147	238
	3,704	10,309
Less: Accumulated depreciation and amortization	(3,192)	(9,704)
Total property and equipment, net	$ 512	$ 605

Depreciation expense was $48 thousand and $71 thousand for the three months ended October 31, 2021 and October 31, 2020, respectively, and $151 thousand and $214 thousand for the nine months ended October 31, 2021 and October 31, 2020, respectively.

Accrued Expenses

Accrued expenses consisted of the following:

	As of	
	October 31, 2021	January 31, 2021
	(Amounts in thousands)	
Accrued employee compensation and benefits	$ 1,242	$ 742
Accrued professional fees	67	575
Sales tax and VAT payable	34	271
Current obligation - right of use operating leases	792	1,387
Accrued other	1,436	1,302
Total accrued expenses	$ 3,571	$ 4,277

5. Goodwill and Intangible Assets

Goodwill represents the difference between the purchase price and the estimated fair value of identifiable assets acquired and liabilities assumed. We are required to perform an impairment test annually, or more often if we identify certain events or circumstances that would more likely than not reduce the estimated fair value of the goodwill below its carrying amount.

We performed our annual impairment test of August 1, 2021 using a quantitative approach. We considered macroeconomics, industry-specific and Company specific factors in addition to estimates and assumptions in our analysis. We estimated the fair value of the reporting unit using the income (or discounted cash flows model) and market approaches and determined there was no impairment as our fair value exceeded our carrying value. There wereno impairment charges recorded in fiscal 2021 or in the nine months ended October 31, 2021.

The following table represents the changes in goodwill since January 31, 2021:

	Goodwill
	(Amounts in thousands)
Balance as of January 31, 2021	$ 10,577
Translation adjustment	(401)
Balance as of October 31, 2021	$ 10,176

Intangible assets, net, consisted of the following for the periods presented:

	As of October 31, 2021			
	Gross	Accumulated Amortization	Cumulative Translation Adjustment	Net
	(Amounts in thousands)			
Finite-lived intangible assets:				
Acquired customer contracts	$ 2,205	$ (2,044)	$ 26	$ 187
Acquired existing technology	1,364	(1,267)	19	116
Total finite-lived intangible assets	$ 3,569	$ (3,311)	$ 45	$ 303

	As of January 31, 2021			
	Gross	Accumulated Amortization	Cumulative Translation Adjustment	Net
	(Amounts in thousands)			
Finite-lived intangible assets:				
Acquired customer contracts	$ 2,205	$ (1,469)	$ 49	$ 785
Acquired existing technology	1,364	(910)	33	487
Total finite-lived intangible assets	$ 3,569	$ (2,379)	$ 82	$ 1,272

We recognized amortization expense of intangible assets in operating expense categories on the consolidated statements of operations and comprehensive loss as follows:

	For the Three Months Ended October 31,		For the Nine Months Ended October 31,	
	2021	2020	2021	2020
	(Amounts in thousands)		(Amounts in thousands)	
Selling and marketing	$ 184	$ 190	$ 574	$ 556
Research and development	114	118	356	335
	$ 298	$ 308	$ 930	$ 891

Future estimated amortization expense of intangibles as of October 31, 2021 was $0.3 million to be recognized in fiscal 2022.

6. Commitments and Contingencies

Litigation

Certain conditions may exist as of the date the unaudited consolidated financial statements are issued which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. We assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against us, or unasserted claims that may result in such proceedings, we evaluate the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in our unaudited consolidated financial statements. If our assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability and an estimate of the range of possible losses, if determinable and material, would be disclosed. Loss contingencies considered remote are generally not disclosed, unless they involve guarantees, in which case the guarantees would be disclosed.

Indemnification and Warranties

We provide indemnification, to the extent permitted by law, to our officers, directors, employees and agents for liabilities arising from certain events or occurrences while the officer, director, employee or agent is, or was, serving at our request in such capacity. With respect to acquisitions, we provide indemnification to, or assume indemnification obligations for, the current and former directors, officers and employees of the acquired companies in accordance with the acquired companies' governing documents. As a matter of practice, we have maintained directors' and officers' liability insurance including coverage for directors and officers of the acquired companies.

We enter into agreements in the ordinary course of business with customers, resellers, distributors, integrators and suppliers. Most of our historical agreements require us to defend and/or indemnify the other party against intellectual property infringement claims brought by a third party with respect to our products. From time to time, we also indemnify customers and business partners for damages, losses and liabilities they may suffer or incur relating to personal injury, personal property damage, product liability, and environmental claims relating to the use of our products and services or resulting from the acts or omissions of us, our employees, authorized agents or subcontractors. From time to time, we have received requests from customers for indemnification of patent litigation claims. Management cannot reasonably estimate any potential losses, but these claims could result in material liability for us. There are no current pending legal proceedings, in the opinion of management that would have a material adverse effect on our financial position, results from operations and cash flows. There is no assurance that future legal proceedings arising from ordinary course of business or otherwise, will not have a material adverse effect on our financial position, results from operations or cash flows.

We warrant that our products, including software products, will substantially perform in accordance with our standard published specifications in effect at the time of delivery. In addition, we provide maintenance support to our customers and therefore allocate a portion of the product purchase price to the initial warranty period and recognize revenue on a straight-line basis over that warranty period related to both the warranty obligation and the maintenance support agreement. When we receive revenue for extended warranties beyond the standard duration, it is deferred and recognized on a straight-line basis over the contract period. Related costs are expensed as incurred.

7. Operating Leases

The Company has operating leases for facilities and equipment expiring at various dates through 2025.

The components of lease expense are as follows:

	For the Three Months Ended October 31, 2021	For the Nine Months Ended October 31, 2021
	(Amounts in thousands)	
Operating lease cost	$ 151	$ 612
Short term lease cost, net	5	13
Total lease cost	$ 156	$ 625

Supplemental cash flow information related to the Company's operating leases was as follows:

	For the Three Months Ended October 31,		For the Nine Months Ended October 31,	
	2021	2020	2021	2020
	(Amounts in thousands)		(Amounts in thousands)	
Cash paid for amounts included in the measurement of lease liabilities				
Operating cash flows from operating leases	$ 218	$ 263	$ 951	$ 829

Supplemental balance sheet information related to the Company's operating leases was as follows:

	As of October 31, 2021	As of January 31, 2021
	(Amounts in thousands)	
Operating lease right-of-use assets	$ 2,283	$ 4,968
Current portion, operating lease liabilities	792	1,387
Operating lease liabilities, long term	1,590	4,070
Total operating lease liabilities	$ 2,382	$ 5,457
Weighted average remaining lease term (years)	3.2	4.0
Weighted average incremental borrowing rate	5.0 %	5.0 %

The current portion, operating lease liabilities is included in the balance of accrued expenses at October 31, 2021.Future minimum lease payments for operating leases, with initial or remaining terms in excess of one year at October 31, 2021, are as follows:

For the Fiscal Years Ended January 31,	Payments for Operating Leases (Amounts in thousands)
2022	$ 213
2023	789
2024	778
2025	802
Total lease payments	2,582
Less interest	200
Total operating lease liabilities	$ 2,382

In the first quarter of fiscal 2022, we entered into the Termination Agreement which terminated the sublease with respect to our former headquarters in Waltham, Massachusetts, effective March 21, 2021. In connection with the early termination of the sublease, the Company paid the sublandlord termination payments of approximately $0.4 million for the nine months ending October 31, 2021. The Company also wrote off all related operating lease right-of-use assets and liabilities as of the termination date, resulting in a $0.3 million non-cash gain, which partially offset the loss on the termination payments. The net $0.1 million loss on lease termination is reported as a component of severance and restructuring expense on the consolidated statements of operations and comprehensive loss for the nine months ended October 31, 2021. Prior to the execution of the Termination Agreement, the sublease had been scheduled to expire in February 2025.

In the third quarter of fiscal 2022, the Company entered into two operating sublease agreements (collectively, the "Subleases") with respect to part of our existing Poland facility lease (the "Head Lease"). The Company has accounted for the Head Lease and the Subleases as separate contracts and there is no effect on the right-of-use asset or lease liability associated with the Head Lease. The Subleases are short term and have effective end dates of less than one year from October 31, 2021. The Head Lease rent expense is presented net of sublease income and reported as a component of operating expenses on the consolidated statements of operations and comprehensive loss. We recorded $32 thousand of sublease income for the three and nine months ended October 31, 2021.

8. Severance and Restructuring Costs

During the three and nine months ended October 31, 2021, we incurred severance costs of less than $0.1 million and $0.2 million, respectively, and restructuring costs of less than $0.1 million and $0.4 million, respectively, primarily for employee-related termination benefits in relation to the restructuring of our finance department and expenses related to the closure of our leased facility in Waltham, Massachusetts.

The following table shows the change in accrued restructuring balances since January 31, 2021 primarily related to our finance department restructuring efforts and closure of our leased headquarters facility, reported as a component of accrued expenses on the consolidated balance sheets:

	Employee-Related Benefits	Closure of Leased Facilities	Total
		(Amounts in thousands)	
Accrued balance as of January 31, 2021	$ —	$ —	$ —
Restructuring charges incurred	169	463	632
Cash payments	(144)	(463)	(607)
Accrued balance as of October 31, 2021	$ 25	$ —	$ 25

9. Stock-Based Compensation Expense

Equity Plans

Compensation and Incentive Plans

Our Second Amended and Restated 2011 Compensation and Incentive Plan (the "2011 Plan") provided for the grant of incentive stock options ("ISOs"), nonqualified stock options ("NQs"), restricted stock, restricted stock units ("RSUs"), deferred stock units ("DSUs"), performance stock units ("PSUs") and other equity based non-stock option awards as determined by the plan administrator to our officers, employees, consultants and directors. The 2011 Plan expired on July 20, 2021.

Our 2021 Compensation and Incentive Plan (the "2021 Plan") was proposed by the Board of Directions (the "Board") and adopted by our stockholders in July 2021 to permit the continued issuance of equity-based compensation, including the granting of ISOs, NQs, restricted stock, RSUs, DSUs, PSUs, and other equity based non-stock option awards as determined by the plan administrator to our eligible officers, employees, consultants and directors. Under the 2021 Plan, we may satisfy awards upon the exercise of stock options or the vesting of stock units with newly issued shares or treasury shares. The Board, or a committee of independent members of the Board (the "Committee"), is responsible for the administration of the 2021 Plan and determining the terms of each award, award exercise price, the number of shares for which each award is granted and the rate at which each award vests. In certain instances, the Board or Committee may elect to modify the terms of an award. The number of shares authorized for issuance under the 2021 Plan is 4,896,878, including 2,396,878 shares awarded under the 2011 Plan that may become available for issuance under the 2021 Plan due to the expiration, termination, surrender, or forfeiture of such outstanding awards. As of October 31, 2021, there were 1,664,877 shares available for future grant.

Nonemployee members of the Board may elect to receive DSUs or stock options in lieu of RSUs. The number of units subject to the DSUs is determined as of the grant date and shall fully vest one year from the grant date. The shares underlying the DSUs are not vested and issued until the earlier of the director ceasing to be a member of the Board (provided such time is subsequent to the first day of the succeeding fiscal year) or immediately prior to a change in control.

Option awards may be granted at an exercise price per share of not less than100% of the fair market value per common share on the date of the grant and not less than 110% of the fair market value per common share on the date of the grant with respect to ISOs granted to employees owning stock possessing more than10% of the total combined voting power of all classes of stock of the Company. Option awards granted under the 2021 Plan generally vest over a period of one tothree years and expire ten years from the date of the grant.

We have a Long-Term Incentive Program, adopted in fiscal 2016, under which the named executive officers and other of our key employees may receive long-term equity-based incentive awards, which are intended to align the interests of our named executive officers and other key employees with the long-term interests of our stockholders and to emphasize and reinforce our focus on team success. Long-term equity-based incentive compensation awards are made in the form of stock options, RSUs and PSUs subject to vesting based in part on the extent to which employment continues.

2015 Employee Stock Purchase Plan

Under our 2015 Employee Stock Purchase Plan (the "ESPP"), six-month offering periods begin on October 1 and April 1 of each year during which eligible employees may elect to purchase shares of our common stock according to the terms of the offering. On each purchase date, eligible employees can purchase our stock at a price per share equal to 85% of the closing price of our common stock on the exercise date, but no less than par value. The maximum number of shares of our common stock authorized for sale under the ESPP is 1,150,000 shares, of which 1,075,024 remain available under the ESPP as of October 31, 2021. There were no shares purchased under the ESPP during the nine months ended October 31, 2021 as the Company suspended the ESPP as of April 1, 2020 and is still evaluating when the suspension will be lifted, if at all. Under the ESPP, 5,702 shares were purchased during the nine months ended October 31, 2020.

Award Activity

In the nine months ended October 31, 2021, we granted1,095,000 option awards and 1,742,546 RSU awards, including DSUs and PSUs, with a total grant date fair value of $3.3 million. In the nine months ended October 31, 2021, we canceled1,343,670 option awards and 171,308 RSU awards, including PSUs.

Stock-Based Compensation

We recognized stock-based compensation expense within the accompanying consolidated statements of operations and comprehensive loss as follows:

	For the Three Months Ended October 31,		For the Nine Months Ended October 31,	
	2021	2020	2021	2020
	(Amounts in thousands)		(Amounts in thousands)	
Cost of revenue	$ 4	$ —	$ 28	$ (8)
Research and development	7	80	(72)	215
Sales and marketing	21	25	89	120
General and administrative	242	332	1,270	727
	$ 274	$ 437	$ 1,315	$ 1,054

As of October 31, 2021, unrecognized stock-based compensation expense related to unvested stock options was approximately $0.5 million, which is expected to be recognized over a weighted average period of 1.7 years. As of October 31, 2021, unrecognized stock-based compensation expense related to unvested RSUs and DSUs was $0.9 million and $0.1 million, respectively, which is expected to be recognized over weighted average amortization periods of1.9 years and 0.5 years, respectively. Additionally, as of October 31, 2021, unrecognized stock-based compensation expense related to unvested PSUs was less than $0.1 million, which is expected to be recognized over a weighted average amortization period of 1.5 years.

10. Accounts Receivables, Contract Assets, and Contract Liabilities

Receivables

The following table summarizes our accounts receivable, net and unbilled receivables:

	As of October31, 2021	As of January 31, 2021
	(Amounts in thousands)	
Accounts receivable, net	$ 5,374	$ 6,050
Unbilled receivables, current	9,708	9,359
Unbilled receivables, long-term	5,438	6,340
	$ 20,520	$ 21,749

Contract Assets

Contract assets consist of unbilled receivables and are customer committed amounts for which revenue recognition precedes billing, and billing is solely subject to the passage of time.

Unbilled receivables are expected to be billed in the future as follows (amounts in thousands, except percentage amounts):

	As of October 31, 2021	Percentage
1 year or less	$ 9,708	65 %
1-2 years	3,707	24 %
2-5 years	1,731	11 %
Total unbilled receivables	$ 15,146	100 %

Contract Liabilities

Contract liabilities consist of deferred revenue and customer deposits that arise when amounts are billed to or collected from customers in advance of revenue recognition. Deferred revenue that will be recognized during the succeeding 12-month period is recorded as current deferred revenue and the remaining portion is recorded as deferred revenue, long-term. The change in deferred revenue in the nine months ended October 31, 2021 is due to new billings in advance of revenue recognition offset by revenue recognized during the period.

	Deferred Revenue Current	Deferred Revenue Long-Term
	(Amounts in thousands)	
Balance as of January 31, 2021	$ 4,737	$ 657
Decrease	(1,793)	(592)
Balance as of October 31, 2021	$ 2,944	$ 65

We recognized $0.8 million of revenue related to deferred billings in the three months ended October 31, 2021 and $3.8 million of revenue related to deferred billings is the nine months ended October 31, 2021.

Remaining Performance Obligations

The aggregate amount of transaction price that is allocated to performance obligations that have not yet been satisfied or are partially satisfied as of October 31, 2021 is $25.5 million. This amount includes amounts billed for undelivered services that are included in deferred revenue reported on the consolidated balance sheets. Revenue recognized in the nine months ended October 31, 2021 related to remaining performance obligations as of the previous fiscal year ended January 31, 2021 was $10.0 million.

11. Disaggregated Revenue and Geographic Information

Disaggregated Revenue

The following table summarizes our revenue disaggregated by revenue stream:

	For the Three Months Ended October 31,				For the Nine Months Ended October 31,			
	2021		2020		2021		2020	
	(Amounts in thousands)				(Amounts in thousands)			
Product revenue:								
License and subscription	$	2,172	$	994	$	6,306	$	3,739
Hardware		1,339		54		1,534		1,473
Total product revenue		3,511		1,048		7,840		5,212
Service revenue:								
Maintenance and support		3,003		3,430		9,207		10,552
Professional services and other		637		488		1,696		1,112
Total service revenue		3,640		3,918		10,903		11,664
Total revenue	$	7,151	$	4,966	$	18,743	$	16,876

Geographic Information

The following summarizes revenue by customers' geographic locations:

	For the Three Months Ended October 31,				For the Nine Months Ended October 31,			
	2021	%	2020	%	2021	%	2020	%
	(Amounts in thousands, except percentages)				(Amounts in thousands, except percentages)			
Revenue by customers' geographic locations:								
North America (1)	$ 4,683	65%	$ 2,038	41%	$ 11,713	63%	$ 7,934	47%
Europe and Middle East	1,770	25%	2,007	40%	5,310	28%	6,139	36%
Latin America	502	7%	726	15%	1,193	6%	2,202	13%
Asia Pacific	196	3%	195	4%	527	3%	601	4%
Total revenue	$ 7,151		$ 4,966		$ 18,743		$ 16,876	

(1) Includes total revenue for the United States for the periods shown as follows:

	For the Three Months Ended October 31,				For the Nine Months Ended October 31,			
	2021		2020		2021		2020	
	(Amounts in thousands, except percentages)				(Amounts in thousands, except percentages)			
U.S. Revenue	$	4,142	$	1,408	$	10,037	$	5,413
% of total revenue		58%		28%		54%		32%

The following summarizes long-lived assets by geographic locations:

	As of October 31, 2021		%	As of January 31, 2021		%
	(Amounts in thousands, except percentages)					
Long-lived assets by geographic locations(1):						
North America	$	6,976	76%	$	10,864	79%
Europe and Middle East		2,146	23%		2,819	21%
Asia Pacific		31	0%		31	0%
Total long-lived assets by geographic location	$	9,153		$	13,714	

(1) Excludes goodwill.

12. Income Taxes

Each interim period is considered an integral part of the annual period and, accordingly, we measure our income tax expense using an estimated annual effective tax rate. A company is required, at the end of each interim reporting period, to make its best estimate of the annual effective tax rate for the full fiscal year and use that rate to provide for income taxes on a current year-to-date basis, as adjusted for discrete taxable events that occur during the interim period.

We recorded an income tax provision of less than $0.1 million for the three months ended October 31, 2021 and October 31, 2020. We recorded an income tax benefit of less than $0.1 million for the nine months ended October 31, 2021 and October 31, 2020. The tax provision for the nine months ended October 31, 2021 includes a $0.2 million tax benefit related to the reversal of tax reserves for uncertain tax positions due to the expiration of the Polish statute of limitations. Our effective tax rate in fiscal 2022 and in future periods may fluctuate on a quarterly basis as a result of changes in our jurisdictional forecasts where losses cannot be benefitted due to the existence of valuation allowances on our deferred tax assets, changes in actual results versus our estimates, or changes in tax laws, regulations, accounting principles or interpretations thereof.

We review all available evidence to evaluate the recovery of deferred tax assets, including the recent history of losses in all tax jurisdictions, as well as our ability to generate income in future periods. As of October 31, 2021, due to the uncertainty related to the ultimate use of certain deferred income tax assets, we have recorded a valuation allowance on certain deferred assets.

We file income tax returns in the U.S. federal jurisdiction, various state jurisdictions and various foreign jurisdictions. We have closed out an audit with the Internal Revenue Service through fiscal 2013; however, the taxing authorities will still have the ability to review the propriety of certain tax attributes created in closed years if such tax attributes are utilized in an open tax year, such as our federal research and development credit carryovers.

On March 4, 2019, our Board approved and adopted a tax benefits preservation plan (the “Tax Benefits Preservation Plan”) to potentially limit our ability to use net operating loss carryforwards and certain other tax attributes to reduce our potential future federal income tax obligations. In connection with the Tax Benefits Preservation Plan, we declared a dividend of one preferred share purchase right for each share of our common stock issued and outstanding as of March 15, 2019 to our stockholders of record on that date. The Tax Benefits Preservation Plan expires no later than March 4, 2022, and was approved by our stockholders at our 2019 annual meeting of stockholders on July 11, 2019.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This Form 10-Q contains or incorporates forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, and such statements involve risks and uncertainties. The following information should be read in conjunction with the unaudited consolidated financial information and the notes thereto included in this Form 10-Q. You should not place undue reliance on these forward-looking statements. Actual events or results may differ materially due to competitive factors and other factors referred to in Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K (the "Form 10-K") for our fiscal year ended January 31, 2021 and elsewhere in this Form 10-Q. These factors may cause our actual results to differ materially from any forward-looking statement. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industry and markets in which we operate, and management's beliefs and assumptions. We undertake no obligation to publicly update or revise the statements in light of future developments. In addition, other written or oral statements that constitute forward-looking statements may be made by us or on our behalf. Words such as "expect," "seek," "anticipate," "intend," "plan," "believe," "could," "estimate," "may," "target," "project," or variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties, and assumptions that are difficult to predict.

Business Overview

SeaChange International, Inc., ("SeaChange," the "Company," "we" or similar terms) a Delaware corporation founded on July 9, 1993, is an industry leader in the delivery of multiscreen, advertising and premium over-the-top ("OTT") video management solutions. Our software products and services facilitate the aggregation, licensing, management and distribution of video and advertising content for service providers, telecommunications companies, satellite operators, broadcasters, and other content providers. We sell our software products and services worldwide, primarily to service providers including: operators, such as Liberty Global, plc., Altice NV, Cox Communications, Inc. and Rogers Communications, Inc.; telecommunications companies, such as Verizon Communications, Inc., AT&T, Inc. and Frontier Communications Corporation; satellite operators such as Dish Network Corporation; and broadcasters.

Our software products and services are designed to empower video providers to create, manage and monetize the increasingly personalized, highly engaging experiences that viewers demand. Using our products and services, we believe customers can increase revenue by offering services such as video on demand ("VOD") programming on a variety of consumer devices, including televisions, smart phones, PCs, tablets and OTT streaming players. Our solutions enable service providers to offer other interactive television services that allow subscribers to receive personalized services and interact with their video devices, thereby enhancing their viewing experience. Our products also allow our customers to insert advertising into broadcast and VOD content.

SeaChange serves an exciting global marketplace where multiscreen viewing is increasingly required, consumer device options are evolving rapidly, and viewing habits are ever-shifting. The primary driver of our business is enabling the delivery of video content in the changing multiscreen television environment. We have expanded our capabilities, products and services to address the delivery of content to devices other than television set-top boxes, namely PCs, tablets, smart phones and OTT streaming players. We believe that our strategy of expanding into adjacent product lines will also position us to further support and maintain our existing service provider customer base. Providing our customers with more scalable software platforms enables them to further reduce their infrastructure costs, improve reliability and expand service offerings to their customers. Additionally, we believe we are well positioned to capitalize on new customers entering the multiscreen marketplace and increasingly serve adjacent markets. Our core technologies provide a foundation for software products and services that can be deployed in next generation video delivery systems capable of increased levels of subscriber activity across multiple devices.

We continue to initiate restructuring efforts to improve operations and optimize our cost structure. In the first quarter of fiscal 2022, we restructured our finance department and terminated the lease to our Waltham, Massachusetts headquarters. In the nine months ended October 31, 2020, we reduced our headcount across all departments in response to the COVID-19 pandemic, which resulted in approximately $7.6 million of annualized savings. Additionally, in the second quarter of fiscal 2021 we transferred our technical support services to our Poland location in an effort to further reduce cost.

In February 2019, we entered into a cooperation agreement (the "Cooperation Agreement") with TAR Holdings LLC and Karen Singer (collectively, "TAR Holdings"). As of the date of the Cooperation Agreement, TAR Holdings beneficially owned approximately 20.6% of our outstanding common stock. Pursuant to the Cooperation Agreement, we agreed to set the size of the Company's Board of Directors (the "Board") at up to eight members, appointed Robert Pons to the Board as a Class II Director with an initial term that expired at the 2019 annual meeting of stockholders, and appointed Jeffrey Tuder to the Board as a Class III Director with an initial term that expired at the 2020 annual meeting of stockholders. Messrs. Pons and Tuder were subsequently re-elected in the 2019 and 2020 annual meeting of stockholders, respectively. On January 8, 2021, our Chief Executive Officer resigned, and Mr. Pons was subsequently appointed Executive Chairman and Principal Executive Officer in the interim. Mr. Tuder resigned from the Board on May 14, 2021 and was replaced by David Nicol. On September 27, 2021, Peter Acquino was appointed as the Company's President and Chief Executive Officer. Upon the appointment of Mr. Aquino, Mr. Pons resigned as the Company's Executive Chairman and Principal Executive Officer but remains Chairman of the Board.

In March 2019, our Board approved and adopted a tax benefits preservation plan (the "Tax Benefits Preservation Plan") to deter acquisitions of our common stock that would potentially limit our ability to use net operating loss carryforwards to reduce our potential future federal income tax obligations. In connection with the Tax Benefits Preservation Plan, we declared a dividend of one preferred share purchase right for each share of our common stock issued and outstanding as of March 15, 2019 to our stockholders of record on that date. The Tax Benefits Preservation Plan was approved by our stockholders at our 2019 annual meeting of stockholders.

In February 2021, the Company filed a Registration Statement on Form S-3 with the Securities and Exchange Commission (the "SEC"), which registered an indeterminate number of Securities using a "shelf" registration or continuous offering process. Under this shelf registration, we may, from time to time, sell any combination of the securities in one or more offerings up to a total aggregate offering price of $200 million. The shelf registration was declared effective on March 16, 2021.

In connection with the shelf registration statement, the Company entered into an underwriting agreement with Aegis Capital Corp. on March 30, 2021, to issue and sell 10,323,484 shares of common stock, $0.01 par value per share ("common stock"), at a public offering price of $1.85 per share (the "Offering"). The Offering closed on April 1, 2021 and resulted in approximately $17.5 million in proceeds, net of underwriting discounts and commissions of 6.5%, or $0.12025 per share of common stock, and offering expenses of approximately $0.2 million. In addition to the Offering, the Company also granted the underwriters a 45-day option (the "Underwriter Option") to purchase up to an additional 1,548,522 shares of common stock at a purchase price of $1.85 per share, less underwriting discounts and commissions. The Underwriter Option was not exercised and has expired.

In March 2021, we entered into a Sublease Termination Agreement (the "Termination Agreement") which terminated the sublease with respect to our former headquarters in Waltham, Massachusetts, effective March 21, 2021. In connection with the early termination of the sublease, the Company paid the sublandlord termination payments of approximately $0.4 million for the nine months ended October 31, 2021. The Company also wrote off all related operating lease right-of-use assets and liabilities as of the termination date, resulting in a $0.3 million non-cash gain, which partially offset the loss on the termination payments. The net $0.1 million loss on lease termination is reported as a component of severance and restructuring expenses on the consolidated statements of operations and comprehensive loss for the nine months ended October 31, 2021. Prior to the execution of the Termination Agreement, the sublease had been scheduled to expire in February 2025. As a result of the Termination Agreement, we expect annualized savings of approximately $0.6 million in facilities costs for each of the next four years.

Results of Operations

The following discussion summarizes the key factors our management believes are necessary for an understanding of our unaudited consolidated financial statements.

Revenue and Gross Profit

The components of our total revenue and gross profit are described in the following table:

	For the Three Months Ended October 31,		Change		For the Nine Months Ended October 31,		Change	
	2021	2020	$	%	2021	2020	$	%
	(Amounts in thousands, except for percentage data)				(Amounts in thousands, except for percentage data)			
Revenue:								
Product revenue:								
License and subscription	$ 2,172	$ 994	$ 1,178	118.5 %	$ 6,306	$ 3,739	$ 2,567	68.7 %
Hardware	1,339	54	1,285	2379.6 %	1,534	1,473	61	4.1 %
Total product revenue	3,511	1,048	2,463	235.0 %	7,840	5,212	2,628	50.4 %
Service revenue:								
Maintenance and support	3,003	3,430	(427)	(12.4 %)	9,207	10,552	(1,345)	(12.7 %)
Professional services and other	637	488	149	30.5 %	1,696	1,112	584	52.5 %
Total service revenue	3,640	3,918	(278)	(7.1 %)	10,903	11,664	(761)	(6.5 %)
Total revenue	7,151	4,966	2,185	44.0 %	18,743	16,876	1,867	11.1 %
Cost of product revenue	1,609	435	1,174	269.9 %	2,708	2,803	(95)	(3.4 %)
Cost of service revenue	1,830	1,755	75	4.3 %	5,375	6,974	(1,599)	(22.9 %)
Total cost of revenue	3,439	2,190	1,249	57.0 %	8,083	9,777	(1,694)	(17.3 %)
Gross profit	$ 3,712	$ 2,776	$ 936	33.7 %	$ 10,660	$ 7,099	$ 3,561	50.2 %
Gross product profit margin	54.2 %	58.5 %		(4.3 %)	65.5 %	46.2 %		19.2 %
Gross service profit margin	49.7 %	55.2 %		(5.5 %)	50.7 %	40.2 %		10.5 %
Gross profit margin	51.9 %	55.9 %		(4.0 %)	56.9 %	42.1 %		14.8 %

One customer accounted for 19% of total revenue for the three months ended October 31, 2021 and one customer accounted for 29% of total revenue for the three months ended October 31, 2020. One customer accounted for 12% of total revenue for the nine months ended October 31, 2021 and one customer accounted for 21% of total revenue for the nine months ended October 31, 2020. See Part I Item I, Note 2, "Significant Accounting Policies," to this Form 10-Q for more information.

International revenue accounted for 42% and 72% of total revenue for the three months ended October 31, 2021 and 2020, respectively, and 46% and 68% of total revenue for the nine months ended October 31, 2021 and 2020, respectively. The decrease in international sales as a percentage of total revenue for the three and nine months ended October 31, 2021 as compared to the three and nine months ended October 31, 2020 is primarily due to an increase of U.S. revenue at a higher rate than international revenue.

Product Revenue

Product revenue increased by $2.5 million and $2.6 million for the three and nine months ended October 31, 2021, respectively, as compared to the three and nine months ended October 31, 2020. The increase for the three months ended October 31, 2021 as compared to the three months ended October 31, 2020 was primarily due to the sale of licenses and subscriptions and the delivery of third-party products and hardware. The increase for the nine months ended October 31, 2021 as compared to the nine months ended October 31, 2020 was primarily due to the sale of licenses and subscriptions.

Service Revenue

Service revenue decreased by $0.3 million and $0.8 million for the three and nine months ended October 31, 2021, respectively as compared to the three and nine months ended October 31, 2020. The decrease for the three and nine months ended October 31, 2021 as compared to the three and nine months ended October 31, 2020 was primarily due to a decrease in our maintenance and support revenue provided on post warranty contracts as customers continue to provide their own solutions partially offset by an increase in professional services related to the sale and implementation of licenses and subscriptions.

Gross Profit and Margin

Cost of revenue consists primarily of the cost of resold third-party products and services, purchased components and subassemblies, labor and overhead relating to the assembly, testing and implementation and ongoing maintenance of complete systems.

Our gross profit margin decreased from 56% to 52% for the three months ended October 31, 2021 as compared to the three months ended October 31, 2020 primarily due to an increase in lower margin third-party products and hardware and increased from 42% to 57% for the nine months ended October 31, 2021 as compared to the nine months ended October 31, 2020 primarily due to a decrease in certain fixed costs and an increase in product revenue. Gross product profit margin decreased from 59% to 54% for the three months ended October 31, 2021 as compared to the three months ended October 31, 2020 primarily due to an increase in lower margin third-party products and hardware and increased from 46% to 66% for the nine months ended October 31, 2021 as compared to the nine months ended October 31, 2020 primarily due to an increase in higher margin software revenue. Gross service profit margins decreased from 55% to 50% for the three months ended October 31, 2021 as compared to the three months ended October 31, 2020 primarily due to a decrease in maintenance and support revenue while associated costs remained relatively flat and increased from 40% to 51% for the nine months ended October 31, 2021 as compared to the nine months ended October 31, 2020 primarily due to a decrease in fixed services costs associated with the reduction in headcount in relation to our cost-saving efforts driven by the COVID-19 pandemic.

Operating Expenses

Research and Development

Research and development expenses consist of salaries and related costs, including stock-based compensation for personnel in software development and engineering functions, as well as contract labor costs, depreciation of development and test equipment and an allocation of related facility expenses. The following table provides information regarding the change in research and development expenses during the periods presented:

	For the Three Months Ended October 31,		Change		For the Nine Months Ended October 31,		Change	
	2021	2020	$	%	2021	2020	$	%
	(Amounts in thousands, except for percentage data)				(Amounts in thousands, except for percentage data)			
Research and development expenses	$ 2,090	$ 3,024	$ (934)	(30.9%)	$ 6,971	$ 10,550	$ (3,579)	(33.9%)
% of total revenue	29.2%	60.9%			37.2%	62.5%		

Research and development expenses decreased $0.9 million and $3.6 million for the three and nine months ended October 31, 2021, respectively, as compared to the three and nine months ended October 31, 2020. The decrease for the three and nine months ended October 31, 2021 was primarily due to a decrease in salaries and compensation costs associated with the reduction in headcount and outside services and a reduction in other research and development expenditures in relation to our cost-saving efforts driven by the COVID-19 pandemic.

Selling and Marketing

Selling and marketing expenses consist of salaries and related costs, including stock-based compensation for personnel engaged in selling and marketing functions, as well as commissions, travel expenses, certain promotional expenses and an allocation of related facility expenses. The following table provides information regarding the change in selling and marketing expenses during the periods presented:

	For the Three Months Ended October 31,		Change		For the Nine Months Ended October 31,		Change	
	2021	2020	$	%	2021	2020	$	%
	(Amounts in thousands, except for percentage data)				(Amounts in thousands, except for percentage data)			
Selling and marketing expenses	$ 1,449	$ 1,636	$ (187)	(11.4%)	$ 4,472	$ 5,490	$ (1,018)	(18.5%)
% of total revenue	20.3%	32.9%			23.9%	32.5%		

Selling and marketing expenses decreased $0.2 million and $1.0 million for the three and nine months ended October 31, 2021, respectively, as compared to the three and nine months ended October 31, 2020. The decrease for the three months ended October 31, 2021 as compared to the three months ended October 31, 2020 was primarily due to a decrease in salaries and compensation associated with the reduction in headcount and a reduction in allocated overhead costs. The decrease for the nine months ended October 31, 2021 as compared to the nine months ended October 31, 2020 was primarily due to a decrease in salaries and compensation associated with the reduction in headcount and a reduction in allocated overhead costs as well as travel and other sales and marketing expenditures in relation to our cost-saving efforts driven by the COVID-19 pandemic.

General and Administrative

General and administrative expenses consist of salaries and related costs, including stock-based compensation for personnel in executive, finance, legal, human resources, information technology and administrative functions, as well as legal and accounting services, insurance premiums and an allocation of related facilities expenses. The following table provides information regarding the change in general and administrative expenses during the periods presented:

	For the Three Months Ended October 31,		Change		For the Nine Months Ended October 31,		Change	
	2021	2020	$	%	2021	2020	$	%
	(Amounts in thousands, except for percentage data)				(Amounts in thousands, except for percentage data)			
General and administrative expenses	$ 2,110	$ 2,636	$ (526)	(20.0%)	$ 6,897	$ 7,057	$ (160)	(2.3%)
% of total revenue	29.5%	53.1%			36.8%	41.8%		

General and administrative expenses decreased by $0.5 million and $0.2 million for the three and nine months ended October 31, 2021, respectively, as compared to the three and nine months ended October 31, 2020. The decrease for the three months ended October 31, 2021 as compared to the three months ended October 31, 2020 was primarily due to a decrease in salaries and compensation associated with the reduction in headcount and a reduction in allocated overhead costs. The decrease for the nine months ended October 31, 2021 as compared to the nine months ended October 31, 2020 was primarily due to a $1.0 million decrease in salaries and compensation costs associated with the reduction in headcount and a $0.3 million decrease in allocated overhead costs and a reduction in other general expenditures in relation to our cost-saving efforts driven by the COVID-19 pandemic and partially offset by a $0.5 million increase in stock-based compensation, a $0.4 million increase in outside professional services, and a $0.2 million increase in insurance premiums.

Severance and Restructuring Costs

Severance costs consist of employee-related severance charges not related to a restructuring plan. Restructuring costs consist of charges related to restructuring including employee-related severance charges, remaining lease obligations and termination costs, and the disposal of equipment. The following table provides information regarding the change in severance and restructuring costs during the periods presented:

	For the Three Months Ended October 31,		Change		For the Nine Months Ended October 31,		Change	
	2021	2020	$	%	2021	2020	$	%
	(Amounts in thousands, except for percentage data)				(Amounts in thousands, except for percentage data)			
Severance and restructuring costs	$ 75	$ 53	$ 22	41.5%	$ 646	$ 1,082	$ (436)	(40.3%)
% of total revenue	1.0%	1.1%			3.4%	6.4%		

Severance and restructuring costs increased by less than $0.1 million and decreased by $0.4 million for the three and nine months ended October 31, 2021, respectively, as compared to the three and nine months ended October 31, 2020. Severance and restructuring costs for the three months ended October 31, 2021 consisted primarily of employee related termination benefits for the restructuring of our finance department. Severance and restructuring costs for the nine months ended October 31, 2021 consisted primarily of employee related termination benefits for the restructuring of our finance department as well as facility related closure costs. Severance and restructuring costs for the three and nine months ended October 31, 2020 consisted primarily of employee related termination benefits due to a reduction in headcount driven by the COVID-19 pandemic.

Other Expense, Net

The table below provides detail regarding our other expense, net:

	For the Three Months Ended October 31,		Change		For the Nine Months Ended October 31,		Change	
	2021	2020	$	%	2021	2020	$	%
	(Amounts in thousands, except for percentage data)				(Amounts in thousands, except for percentage data)			
Interest income, net	$ 80	$ 121	$ (41)	(33.9%)	$ 188	$ 353	$ (165)	(46.7%)
Foreign exchange loss, net	(198)	(687)	489	(71.2%)	(399)	(778)	379	(48.7%)
Miscellaneous income, net	51	67	(16)	(23.9%)	128	91	37	40.7%
	$ (67)	$ (499)	$ 432		$ (83)	$ (334)	$ 251	

Our foreign exchange loss, net is primarily due to the revaluation of intercompany notes.

Gain on Extinguishment of Debt

In May 2020, we entered into a promissory note (the "Note") with Silicon Valley Bank (the "Lender") evidencing an unsecured loan in an aggregate principal amount of $2.4 million pursuant to the Paycheck Protection Program ("PPP") under the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") administered by the U.S. Small Business Administration ("SBA"). Interest on the Note accrued at a fixed interest rate of one percent (1%) per annum. The Note and accrued interest were fully forgiven by the SBA in June 2021 and a $2.4 million gain on extinguishment of debt was recorded on the consolidated statements of operations and comprehensive loss in the second quarter of fiscal 2022.

Income Tax Benefit

We recorded an income taxprovision of less than $0.1 million for the three months ended October 31, 2021 and October 31, 2020. We recorded an income benefit of less than $0.1 million for the nine months ended October 31, 2021 and October 31, 2020. The tax provision for the nine months ended October 31, 2021 includes a $0.2 million tax benefit related to the reversal of tax reserves for uncertain tax positions due to the expiration of the Polish statute of limitations. Our effective tax rate in fiscal 2022 and in future periods may fluctuate on a quarterly basis as a result of changes in our jurisdictional forecasts where losses cannot be benefitted due to the existence of valuation allowances on our deferred tax assets, changes in actual results versus our estimates, or changes in tax laws, regulations, accounting principles or interpretations thereof.

We review all available evidence to evaluate the recovery of deferred tax assets, including the recent history of losses in all tax jurisdictions, as well as our ability to generate income in future periods. As of October 31, 2021, due to the uncertainty related to the ultimate use of certain deferred income tax assets, we have recorded a valuation allowance on certain deferred assets.

We file income tax returns in the U.S. federal jurisdiction, various state jurisdictions and various foreign jurisdictions. We have closed out an audit with the Internal Revenue Service through fiscal 2013; however, the taxing authorities will still have the ability to review the propriety of certain tax attributes created in closed years if such tax attributes are utilized in an open tax year, such as our federal research and development credit carryovers.

Liquidity and Capital Resources

The following table includes key line items of our consolidated statements of cash flows:

	For the Nine Months Ended October 31,	
	2021	2020
	(Amounts in thousands)	
Net cash used in operating activities	$ (5,500)	$ (9,321)
Net cash provided by investing activities	174	3,265
Net cash provided by financing activities	17,599	2,470
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(467)	(587)
Net increase (decrease) in cash, cash equivalents and restricted cash	$ 11,806	$ (4,173)

Historically, we have financed our operations and capital expenditures primarily with our cash and investments. Our cash, cash equivalents, and restricted cash totaled $17.9 million at October 31, 2021.

In the nine months ended October 31, 2020, we reduced our headcount across all departments in response to the COVID-19 pandemic, which resulted in approximately $7.6 million of annualized cost savings, and transferred our technical support services to our Poland location in an effort to further reduce cost. In the first quarter of fiscal 2022, we entered into the Termination Agreement which terminated the sublease for our former headquarters in Waltham, Massachusetts, effective March 21, 2021. In connection with the early termination of the sublease the Company paid the sublandlord a termination payment of approximately $430 thousand against an obligation of approximately $2.8 million. Prior to the execution of the Termination Agreement, the sublease had been scheduled to expire in February 2025. As a result of the Termination Agreement, we expect annualized savings of approximately $0.6 million in facilities costs for each of the next four years. Additionally, in the first quarter of fiscal 2022, we issued and sold 10,323,484 shares of common stock, $0.01 par value per share, at a public offering price of $1.85 per share. The Offering resulted in approximately $17.5 million in proceeds, net of underwriting discounts and commissions of 6.5%, or $0.12025 per share of common stock, and offering expenses of approximately $0.2 million.

In the second quarter of fiscal 2022, we were granted full forgiveness of the Note we entered into with the Lender in May 2020 pursuant to the PPP under the CARES Act administered by the SBA. The aggregate principal amount of $2.4 million and interest accrued at a fixed rate of one percent (1%) per annum were fully forgiven.

We believe that existing cash and cash equivalents and cash expected to be provided by future operating activities will be adequate to satisfy our working capital, capital expenditure requirements and other contractual obligations for at least 12 months from the date of this filing.

If our expectations are incorrect, we may need to raise additional funds to fund our operations or take advantage of unanticipated strategic opportunities in order to strengthen our financial position. In the future, we may enter into other arrangements for potential investments in, or acquisitions of, complementary businesses, services or technologies, which could require us to seek additional equity or debt financing. If adequate funds are not available or are not available on acceptable terms, we may not be able to take advantage of market opportunities, to develop new products or to otherwise respond to competitive pressures.

Continued Nasdaq Listing

On December 6, 2021, the Company received a deficiency letter from the Nasdaq Listing Qualifications Department (the "Staff") of The Nasdaq Stock Market LLC ("Nasdaq") notifying the Company that, for the last 30 consecutive business days, the closing bid price for the Company's common stock has been below the minimum $1.00 per share required for continued listing on The Nasdaq Global Select Market pursuant to Nasdaq Listing Rule 5450(a)(1) (the "Minimum Bid Price Requirement"). The Nasdaq deficiency letter has no immediate effect on the listing of the Company's common stock, and its common stock will continue to trade on The Nasdaq Global Select Market under the symbol "SEAC" at this time.

In accordance with Nasdaq Listing Rule 5810(c)(3)(A), the Company has been given 180 calendar days, or until June 6, 2022, to regain compliance with the Minimum Bid Price Requirement. If at any time before June 6, 2022, the bid price of the Company's common stock closes at $1.00 per share or more for a minimum of 10 consecutive business days, the Staff will provide written confirmation that the Company has achieved compliance.

If the Company does not regain compliance with the Minimum Bid Price Requirement by June 6, 2022, the Company may be afforded a second 180 calendar day period to regain compliance. To qualify, the Company would be required to transfer to The Nasdaq Capital Market, to meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for The Nasdaq Capital Market, except for the Minimum Bid Price Requirement. In addition, the Company would be required to notify Nasdaq of its intent to cure the deficiency during the second compliance period. Following a transfer to The Nasdaq Capital Market, the Company will be afforded the second 180 calendar day period to regain compliance, unless it does not appear to Nasdaq that it is possible for the Company to cure the deficiency. If the Company does not regain compliance with the Minimum Bid Price Requirement by the end of the compliance period (or the second compliance period, if applicable), the Company's common stock will become subject to delisting. In the event that the Company receives notice that its common stock is being delisted, the Nasdaq listing rules permit the Company to appeal a delisting determination by the Staff to a hearings panel.

The Company intends to monitor the closing bid price of its common stock and may, if appropriate, consider available options to regain compliance with the Minimum Bid Price Requirement, including initiating a reverse stock split. However, there can be no assurance that the Company will be able to regain compliance with the Minimum Bid Price Requirement or will otherwise be in compliance with other Nasdaq Listing Rules.

Net cash used in operating activities

Net cash used in operating activities was $5.5 million for the nine months ended October 31, 2021. Net cash used in operating activities was primarily the result of our net loss of $5.9 million, a $1.1 million non-cash expense for depreciation and amortization, a $1.3 million non-cash expense for stock-based compensation, a $0.3 million non-cash gain on the write-off of our operating lease right-of-use assets and liabilities in relation to the Termination Agreement, a $2.4 million non-cash gain on extinguishment of debt related to the fully forgiven Note, a $0.4 million non-cash foreign currency transaction loss, and changes in working capital, which include a $0.7 million decrease in accounts receivable, a $0.4 million decrease in unbilled receivables, a $2.0 million decrease in prepaid expenses and other current assets and other assets, a $0.1 million decrease in accounts payable, a $0.2 million decrease in accrued expenses and other liabilities, and a $2.3 million decrease in deferred revenue.

Net cash used in operating activities was $9.3 million for the nine months ended October 31, 2020. Net cash used in operating activities was primarily the result of our net loss of $17.4 million, a $1.1 million non-cash expense for depreciation and amortization, a $1.1 million non-cash expense for stock-based compensation, a $1.5 million non-cash foreign currency transaction loss, and changes in working capital, which include a $7.1 million decrease in accounts receivable, a $4.3 million decrease in unbilled receivables, a $0.5 million decrease in prepaid expenses and other current assets and other assets, a $1.2 million decrease in accounts payable, a $3.9 million decrease in accrued expenses and other liabilities, and a $2.4 million decrease in deferred revenue.

Net cash provided by investing activities

Net cash provided by investing activities was $0.2 million and $3.3 million for the nine months ended October 31, 2021 and 2020, respectively, due to proceeds from the sales and maturities of our marketable securities partially offset by purchases of property and equipment.

Net cash provided by financing activities

Net cash provided by financing activities was $17.6 million for the nine months ended October 31, 2021 due to $0.1 million in proceeds from stock option exercises and $17.5 million in net proceeds from the issuance of common stock in relation to the Offering. Net cash provided by financing activities was $2.5 million for the nine months ended October 31, 2020 due to $0.1 million in proceeds from stock option exercises and purchases through the Company's Employee Stock Purchase Plan, $0.1 million in repurchases of common stock, and $2.4 million in proceeds from the Note.

Impact of COVID-19 Pandemic

In the first quarter of fiscal 2021, concerns related to the spread of COVID-19 began to create global business disruptions as well as disruptions in our operations and to create potential negative impacts on our revenues and other financial results. COVID-19 was declared a pandemic by the World Health Organization on March 11, 2020. The extent to which COVID-19 will impact our financial condition or results of operations is currently uncertain and depends on factors including the impact on our customers, partners, and vendors and on the operation of the global markets in general. Due to our business model, the effect of COVID-19 on our results of operations may also not be fully reflected for some time.

We are currently conducting business with substantial modifications to employee travel, employee work locations, virtualization or cancellation of customer and employee events, and remote sales, implementation, and support activities, among other modifications. These decisions may delay or reduce sales and harm productivity and collaboration. We have observed other companies and governments making similar alterations to their normal business operations, and in general, the markets are experiencing a significant level of uncertainty at the current time. Virtualization of our team's sales activities could foreclose future business opportunities, particularly as our customers limit spending, which could negatively impact the willingness of our customers to enter into or renew contracts with us. The pandemic has impacted our ability to complete certain implementations, negatively impacting our ability to recognize revenue, and could also negatively impact the payment of accounts receivable and collections. We continue to realize our on-going cost optimization efforts in response to the impact of the pandemic. We may take further actions that alter our business operations as the situation evolves. As a result, the ultimate impact of the COVID-19 pandemic and the effects of the operational alterations we have made in response on our business, financial condition, liquidity, and financial results cannot be predicted at this time.

The Paycheck Protection Program

On May 5, 2020, the Company entered into the Note with the Lender evidencing an unsecured loan in an aggregate principal amount of $2.4 million pursuant to the PPP under the CARES Act administered by the SBA. Interest on the Note accrued at a fixed interest rate of one percent (1%) per annum. The Note and accrued interest of less than $0.1 million were fully forgiven by the SBA on June 15, 2021 and is included on the unaudited consolidated statements of operations and comprehensive loss as a gain on extinguishment of debt.

Critical Accounting Policies and Significant Judgments and Estimates

We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. The preparation of consolidated financial statements also requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from the estimates made by our management.

There have been no material changes to our critical accounting policies and estimates from those disclosed in our financial statements and the related notes and other financial information included in our Form 10-K on file with the SEC.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

Recently Issued Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Part I Item I, Note 2, *"Significant Accounting Policies,"* to this Form 10-Q for more information.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company, as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, for this reporting period and are not required to provide the information required under this item.

ITEM 4. Controls and Procedures

Evaluation of disclosure controls and procedures. We maintain "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (2) accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on the evaluation of our disclosure controls and procedures as of October 31, 2021, our principal executive officer and principal financial officer concluded that, as of that date, our disclosure controls and procedures were effective.

Changes in internal control over financial reporting. There were no changes in our internal controls over financial reporting during the three months ended October 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting. We have not experienced any material impact to our internal controls over financial reporting despite the fact that most of our employees are working remotely due to the COVID-19 pandemic. We are continually monitoring and assessing the COVID-19 situation on our internal controls to minimize the impact on their design and operating effectiveness.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

We enter into agreements in the ordinary course of business with customers, resellers, distributors, integrators and suppliers. Most of our historical agreements require us to defend and/or indemnify the other party against intellectual property infringement claims brought by a third party with respect to our products. From time to time, we also indemnify customers and business partners for damages, losses and liabilities they may suffer or incur relating to personal injury, personal property damage, product liability, and environmental claims relating to the use of our products and services or resulting from the acts or omissions of us, our employees, authorized agents or subcontractors. Management cannot reasonably estimate any potential losses, but these claims could result in material liability for us (see Part I Item I, Note 2, *"Commitments and Contingencies,"* to this Form 10-Q for more information).

ITEM 1A. Risk Factors

In addition to other information set forth in this Form 10-Q, you should carefully consider the risk factors discussed in Part I, "Item 1A. Risk Factors" in our Form 10-K for the fiscal year ended January 31, 2021, which could materially affect our business, financial conditions, and results of operations. The risks described in our Form 10-K are not the only risks that we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

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

None.

ITEM 3. Defaults Upon Senior Securities

Not applicable.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information

None.

ITEM 6. Exhibits

The following list of exhibits includes exhibits submitted with this Form 10-Q as filed with the SEC and those incorporated by reference to other filings.

Index to Exhibits

No.	Description
3.1	Amended and Restated Certificate of Incorporation of the Company (filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q previously filed on June 11, 2021 with the SEC and incorporated herein by reference).
3.2	Amended and Restated By-laws of the Company (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K previously filed on May 18, 2021 with the SEC and incorporated herein by reference).
10.1	Offer letter, dated September 22, 2021, by and between SeaChange International, Inc. and Peter D. Aquino (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K previously filed on September 27, 2021 with the SEC and incorporated herein by reference).
10.2*	Change-in-Control Severance Agreement, dated September 27, 2021, by and between SeaChange International, Inc. and Peter D. Aquino.
10.3	Form of Indemnification Agreement (filed as Exhibit 10.15 to the Company's Annual Report on Form 10-K previously filed on April 10, 2013 with the SEC and incorporated herein by reference).
31.1*	Certification Pursuant to Rule 13a-14(a) of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification Pursuant to Rule 13a-14(a) of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
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 (formatted as Inline XBRL and contained in Exhibit 101 filed herewith).

* Filed herewith.
** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, SeaChange International, Inc. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: December 14, 2021

SEACHANGE INTERNATIONAL, INC.

by: /s/ PETER AQUINO
Peter Aquino
Chief Executive Officer and President

by: /s/ MICHAEL PRINN
Michael Prinn
Chief Financial Officer, Senior Vice President and Treasurer
(Principal Financial and Accounting Officer)

Exhibit 10.2

CHANGE IN CONTROL SEVERANCE AGREEMENT

THIS CHANGE IN CONTROL SEVERANCE AGREEMENT (this "Agreement") , dated as of September 27, 2021 , by and between SeaChange International, Inc., with its principal place of business at 177 Huntington Avenue, Suite 1703, PMB 73480, Boston Massachusetts 02115-3153 (the "Company"), and Peter D. Aquino (the "Executive").

WHEREAS, the Executive is employed as the Company's President and Chief Executive Officer, and will also serve as a Director on the Company's Board of Directors;

WHEREAS, the Company considers it essential to the best interests of its stockholders to foster the continuous employment of key management personnel, and recognizes that, as is the case with many publicly held corporations, the possibility of a change in control may exist and that such possibility, and the uncertainty and questions which it may raise among management, may result in the distraction or departure of management personnel to the detriment of the Company and its stockholders; and

WHEREAS, the Board of Directors of the Company has determined that appropriate steps should be taken to reinforce and encourage the Executive's continued attention and dedication to the Executive's assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a change in control of the Company, although no such change is presently known to be contemplated.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1

DEFINITIONS

Except as may otherwise be specified or as the context may otherwise require, the following terms shall have the respective meanings set forth below whenever used herein:

"Annual Bonus" shall mean the Executive's target annual bonus (excluding any annual target long-term incentive compensation opportunity) for the Company's fiscal year in which the Covered Termination occurs.

"Base Salary" shall mean the annual base rate of regular compensation of the Executive immediately before a Covered Termination, or if greater, the highest annual rate at any time during the 12-month period immediately preceding the Covered Termination.

"Board" shall mean the Board of Directors of the Company.

"Cause" shall mean (i) the Executive's engaging in willful and repeated gross negligence or gross misconduct, (ii) the Executive's breaching of a material fiduciary duty to the Employer , or (iii) the Executive's being convicted of a felony, in either case, to the demonstrable and material injury to the Employer. For purposes hereof, no act, or failure to act, on the Executive's part, shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that any act or omission was in the best interest of the Employer.

"Change in Control" shall mean the first to occur, after the date hereof, of any of the following:

(i) the members of the Board at the beginning of any consecutive 12-calendar-month period (the "Incumbent Directors") cease for any reason other than due to death to constitute at least a majority of the members of the Board; provided that any director whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the members of the Board then still in office who were members of the Board at the beginning of such 12-calendar-month period, shall be deemed to be an Incumbent Director;

(ii) any consolidation or merger of the Company where the stockholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Securities Exchange Act), directly or indirectly, shares of Stock representing in the aggregate 50% or more of the combined voting power of the securities of the corporation issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any);

(iii) there shall occur (A) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportion as their ownership of the Company immediately prior to such sale or (B) the approval by stockholders of the Company of any plan or proposal for the liquidation or dissolution of the Company; or

(iv) any corporation or other legal person, pursuant to a tender offer, exchange offer, purchase of stock (whether in a market transaction or otherwise) or other transaction or event acquires securities representing 40% or more of the combined voting power of the voting securities of the Company, or there is a report filed on Schedule 13D or Schedule 14D-1 (or any successor schedule, form or report), each as promulgated pursuant to the U.S. Securities Exchange Act, disclosing that any "person" (as such term is used in Section 13(d)(3) or Section 14(d)(2) of the Securities Exchange Act) has become the "beneficial owner" (as such term is used in Rule 13d-3 under the Securities Exchange Act) of securities representing 40% or more of the combined voting power of the voting securities of the Company.

Notwithstanding the foregoing, none of the foregoing event(s) shall constitute a Change in Control unless such event(s) constitutes a "change in the ownership or effective control" or a change "in the ownership of a substantial portion of the assets," in each case within the meaning of Section 409A(a)(2)(A)(v) of the Code and any regulations and other guidance in effect from time-to-time thereunder.

Upon the occurrence of a Change in Control as provided above, no subsequent event or condition shall constitute a Change in Control for purposes of this Agreement, with the result that there can be no more than one Change in Control hereunder.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Company" shall mean, subject to Section 6.1(a), SeaChange International, Inc., a Delaware corporation.

"Covered Termination" shall mean if, within the two (2) year period immediately following a Change in Control, the Executive (i) is terminated by the Employer without Cause (other than on account of death or Disability), or (ii) terminates the Executive's employment with the Employer for Good Reason. The Executive shall not be deemed to have been terminated for purposes of this Agreement merely because the Executive ceases to be employed by the Employer and becomes employed by a new employer involved in the Change in Control; provided that such new employer shall be bound by this Agreement as if it were the Employer hereunder with respect to the Executive. It is expressly understood that no Covered Termination shall be deemed to have occurred merely because, upon the occurrence of a Change in Control, the Executive ceases to be employed by the Employer and does not become employed by a successor to the Employer after the Change in Control if the successor makes an offer to employ the Executive on terms and conditions which, if imposed by the Employer, would not give the Executive a basis on which to terminate employment for Good Reason.

"Date of Termination" shall mean (i) if the Executive's employment is terminated by the Company for Cause, the date of receipt of the Notice of Termination for Cause or any later date specified therein (which date shall be not more than thirty (30) days after giving such notice), as the case may be; (ii) if the Executive's employment is terminated by the Executive for Good Reason, the 30th day following receipt by the Company of the Notice of Termination for Good Reason; (iii) if the Executive's employment is terminated by the Company other than for Cause or Disability, the date on which the Company notifies the Executive of such termination, (iv) if the Executive's employment is terminated by reason of death or Disability, the date of death of the Executive or the date on which it is determined that the Executive has a Disability, as the case may be, and (v) if the Executive's employment is terminated by the Executive without Good Reason (and not due to Disability), the date of receipt of the Notice of Termination (which date shall be not more than thirty (30) days after giving such notice). Notwithstanding the foregoing, in no event shall the Date of Termination with respect to a Covered Termination occur until the Executive experiences a separation from service within the meaning of Section 409A of the Code, and the date on which such separation from service takes place shall be the Date of Termination.

"Disability" shall mean the occurrence after a Change in Control of the incapacity of the Executive due to physical or mental illness, whereby the Executive shall have been absent from the full-time performance of the Executive's duties with the Employer for six (6) consecutive months or, in any one (1) year period, for an aggregate of six (6) months.

"Employer" shall mean the Company (if and for so long as the Executive is employed thereby) and each Subsidiary which may now or hereafter employ the Executive or, where the context so requires, the Company and such Subsidiaries collectively. A subsidiary which ceases to be, directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with the Company prior to a Change in Control (other than in connection with and as an integral part of a series of transactions resulting in a Change in Control) shall, automatically and without any further action, cease to be (or be part of) the Employer for purposes hereof.

"Good Reason" shall mean, without the express written consent of the Executive, the occurrence after a Change in Control of any of the following circumstances:

(i) the material reduction of the Executive's title, authority, duties or responsibilities, or the assignment to the Executive of any duties inconsistent with Executive's position, authority, duties or responsibilities from those in effect immediately prior to the Change in Control;

(ii) a requirement that the Executive report to anyone other than the Board and/or the chief executive officer of the acquiring entity and/or the chief business officer of the applicable business unit of the acquiring company;

(iii) a material reduction in the budget over which the Executive retains authority from that which exists as of immediately prior to the Change in Control;

(iv) a reduction in the Executive's Base Salary as in effect immediately before the Change in Control;

(v) a material reduction in the Executive's annual bonus opportunity or annual target long-term incentive compensation opportunity (whether payable in cash, shares of Stock or a combination thereof) as in effect on the Change in Control; provided, that for the avoidance of doubt, a material reduction of such annual target long-term incentive compensation opportunity shall not be deemed to occur if such opportunity becomes payable solely in cash;

(vi) the Company's requiring the Executive to be based at any other geographic location more than 50 miles from that location at which the Executive primarily performed Executive's services immediately prior to the occurrence of a Change in Control, except for required travel on the Company's business to an extent substantially consistent with Executive's business travel obligations immediately prior to such Change in Control;

(vii) the failure of the Company to obtain a reasonable agreement from any successor to assume and agree to perform this Agreement, as contemplated in Section 6.1(a);

(viii) the failure of the Company to pay the Executive any amounts due hereunder; or

(ix) any material breach by the Company of this Agreement, including but not limited to a breach of the obligation under Section 2 of this Agreement.

For avoidance of doubt, whether there has been a reduction of an annual bonus opportunity or an annual target long-term incentive compensation opportunity under clause (v) above shall take into account, without limitation, any target, minimum and maximum amounts payable and the attainability and otherwise the reasonableness of any performance hurdles, goals and other measures, each considered relative to the corresponding element with respect to the Executive in the period prior to the Change in Control.

Notwithstanding anything to the contrary contained herein, the Executive's termination of employment will not be treated as for Good Reason as the result of the occurrence of any event specified in the foregoing clauses (i) through (ix) unless, within ninety (90) days following the occurrence of such event, the Executive provides written notice to the Company of the occurrence of such event, which notice sets forth the nature of the event and the Executive terminates employment on the 30th day following receipt by the Company of such notice.

"Notice of Termination" shall mean a notice given by the Employer or Executive, as applicable, which shall indicate the date of termination and the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provisions so indicated.

"Person" shall have the meaning ascribed thereto by Section 3(a)(9) of the Securities Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof (except that such term shall not include (i) the Company or any of its Subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Subsidiaries, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportion as their ownership of stock of the Company, or (v) such Executive or any "group" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act) which includes the Executive).

"Securities Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Stock" shall mean the common stock, $.01 par value, of the Company.

"Subsidiary" shall mean any entity, directly or indirectly, through one or more intermediaries, controlled by the Company.

Section 2

CHANGE IN CONTROL SEVERANCE BENEFITS

2.1 Cash Severance. If a Covered Termination occurs, then, subject to the provisions of Section 2.3(b) and Section 4 below, the Company shall pay to the Executive an amount equal to: two (2) times the sum of the Executive's Base Salary plus Annual Bonus. This amount will be no less than the Executive's starting compensation of $350,000 base salary ("Starting Base Salary") plus Annual Bonus of sixty (60%) of the Starting Base Salary ($210,000) (which is $560,000 times 2 for $1,120,000). To the extent possible, most if not all of the Cash Severance, will be paid in a lump sum payment within five (5) business days of the Covered Termination.

The balance of any Cash Severance that is deferred to comply with Sections 409A or 280G, will be determined by the Company's tax advisor, and such payments will be paid out to Executive in a remaining lump sum, as soon as permitted by the Code. See Sections 2.4 and 3 below.

2.2 Accelerated Vesting for Equity Awards. The vesting of the Executive's Equity Awards shall be governed by this Section 2.2 . The term "Equity Award" shall mean stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares or any other form of award that is measured with reference to the Stock.

(a) If an Executive's Equity Award (including any Performance-Vested Equity Award, as defined below) is continued, assumed or substituted and at any time on and after the Change in Control and the Executive suffers a Covered Termination, then the vesting and exercisability of all such unvested Equity Awards held by the Executive shall be accelerated in full and any reacquisition rights held by the Company with respect to any such Equity Award shall lapse in full, in each case, upon such termination. A "Performance-Vested Equity Award" means any Equity Award that provides for vesting upon achieving a goal based on business criteria (including but not limited to stock price) that applies to the Executive, a business unit, division, Subsidiary, affiliate, the Company or any combination of the foregoing. For avoidance of doubt, the Performance-Vested Equity will be accelerated whether the performance target is achieved or not.

(b) For avoidance of doubt, no change shall be made to any Equity Award (including, without limitation, any substitution or assumption of an Equity Award) that adversely affects the Executive unless it is consented to in writing by the Executive or is permitted under the terms of the plan under which the Equity Award was granted by the Company to the Executive.

2.3 (a) The payments and benefits provided for in Section 2.1 and Section 2.2 shall (except as otherwise expressly provided therein or as provided in Section 2.3(b) or Section 2.4(b), or as otherwise expressly provided hereunder) be made on the business day coinciding with or next following the 1 0th day following the Date of Termination with respect to a Covered Termination (the "Payment Date").

Notwithstanding any other provision of this Agreement, if the Executive is a "specified employee" as defined in Section 409A of the Code, any payment under this Agreement that would constitute deferred compensation for purposes of Section 409A of the Code that is payable on account of the Executive's separation from service shall be made in accordance with Section 2.4(b) hereof.

(b) Notwithstanding any other provision of this Agreement to the contrary, no payment or benefit otherwise provided for under or by virtue of the foregoing provisions of this Agreement shall be paid or otherwise made available unless, on or before the Payment Date, the Executive has executed and not revoked a valid, binding and irrevocable general release of claims in favor of the Employer, in form and substance reasonably acceptable to the Employer. Failure by the Executive to timely deliver (and not revoke) a valid and binding release shall result in the forfeiture of all payments and benefits under this Agreement.

2.4 The Company and the Executive acknowledge and agree that the payments and benefits described in Section 2.1, Section 2.2 and Section 3.1 of this Agreement (the "Deferred Compensation") may constitute a "nonqualified deferred compensation plan" that is subject to Section 409A of the Code. The Company and the Executive intend to administer the Deferred Compensation in a manner that at all times is either exempt from or complies in form and operation with the applicable limitations and standards of Section 409A of the Code. Therefore, notwithstanding anything else contained herein, the following limitations are expressly imposed with respect to the Deferred Compensation.

(a) The Executive's entitlement to receive or begin receiving payment of the Deferred Compensation is conditioned upon the Executive's separation from service. For this purpose, the Executive shall have separated from service if and only if his level of services to the Company and its affiliates decreases and is expected to remain at a level equal to twenty percent (20%) or less of the average level of services performed by the Executive during the immediately preceding 36-month period.

(b) If the Executive is a "specified employee" as defined in Section 409A of the Code with respect to the Company upon his separation from service, then any payment required hereunder, to the extent such payment would constitute deferred compensation for purposes of Section 409A of the Code that is payable on account of the Executive's separation from service, shall be deferred and shall not be paid to the Executive until the date that is the later of (1) the date such payment is due under the terms of this Agreement, or (2) 6 months and 1 day following the date of the Executive's separation from service.

(c) It is intended that each installment, if any of the payments and benefits constituting Deferred Compensation shall be treated as a separate "payment" for purposes of Section 409A of the Code . Neither the Company nor the Executive shall have the right to accelerate or defer the delivery of any such payments or benefits except to the extent specifically permitted or required by Section 409A of the Code.

Section 3

PARACHUTE TAX PROVISIONS

3.1 If all, or any portion, of the payments and benefits provided under this Agreement, if any, either alone or together with other payments and benefits which the Executive otherwise receives or is entitled to receive from the Company or its affiliates (collectively , the "Total Payments") would constitute an excess "parachute payment" within the meaning of Section 280G of the Code (whether or not under an existing plan, arrangement or other agreement) and would result in the imposition on the Executive of an excise tax under Section 4999 of the Code (the "Excise Tax"), then the Executive shall be paid or provided, as the case may be, the Total Payments unless the after-tax amount that would be retained by the Executive (after taking into account any and all applicable federal, state and local excise, income or other taxes payable by the Executive, including the Excise Tax) is less than the after-tax amount that would be retained by the Executive (after taking into account any and all applicable federal, state and local excise, income or other taxes payable by the Executive, other than the Excise Tax) if the Executive were instead to be paid or provided, as the case may be, the maximum amount of the Total Payments that the Executive could receive without being subject to the Excise Tax (the "Reduced Payments"), in which case the Executive shall be entitled only to the Reduced Payments. After-tax amounts under this Section 3.1 shall be calculated at the highest marginal individual income tax rate as set forth in the Code as in effect at the time of employment termination, subject to any adjustment that the 280G Firm (as defined in Section 3.2 below) deems appropriate to reflect the phase out of any deductions, exclusions or exemptions with respect to compensation payable to the Executive by the Company.

3.2 The amount or amounts (if any) payable under this Section 3 shall be determined, at the sole cost of the Company, by the 280G Firm, whose determination or determinations shall be final and binding on all parties. The "280G Firm" for purposes of this Section 3 shall be an accounting firm or law firm of national reputation that is selected for this purpose by the Company's Chief Executive Officer prior to a Change in Control. In order to assess whether payments under this Agreement or otherwise qualify as reasonable compensation that is exempt from being a parachute payment under Section 280G of the Code, the 280G Firm may retain the services of an independent valuation expert. The Company will direct the 280G Firm to submit any determination it makes under Section 3 and provide detailed supporting calculations and any valuation report, if applicable, to both the Executive and the Company as soon as reasonably practicable.

3.3 If the 280G Firm determines that one or more reductions are required under Section 3, the 280G Firm shall also determine which of the Total Payments shall be reduced to the extent necessary so that no portion thereof shall be subject to the excise tax imposed by Section 4999 of the Code, and the Company shall pay only the Reduced Payments to the Executive. The 280G Firm shall make reductions required under Section 3 of this Agreement in a manner that maximizes the net after-tax amount payable to the Executive as follows: first, by reducing or eliminating the portion of the Total Payments that are payable in cash; second, by reducing or eliminating the portion of the Total Payments that are not payable in cash (other than Total Payments as to which Treasury Regulations Section 1.280G-1 Q/A 24(c) (or any successor provision thereto) applies ("Q&A-24(c) Payments")); and, third, by reducing or eliminating Q/A-24(c) Payments. In the event that any Q&A-24(c) Payment or acceleration is to be reduced, such Q/A-24(c) Payment shall be reduced or cancelled in the reverse order of the date of grant of the awards.

3.4 As a result of the uncertainty in the application of Section 280G at the time that the 280G Firm makes its determinations under this Section 3, it is possible that amounts will have been paid or distributed to the Executive that should not have been paid or distributed (collectively, the "Overpayments"), or that additional amounts should be paid or distributed to the Executive (collectively, the "Underpayments"). If the 280G Firm determines, based on either the assertion of a deficiency by the Internal Revenue Service against the Company or the Executive which assertion the 280G Firm believes has a high probability of success or controlling precedent or substantial authority, that an Overpayment has been made, the Executive must repay the Overpayment to the Company, without interest. If the 280G Firm determines, based upon controlling precedent or substantial authority, that an Underpayment has occurred, the 280G Firm will notify the Executive and the Company of that determination and the amount of that Underpayment will be paid promptly by the Company to the Executive.

3.5 The Executive will provide the 280G Firm access to, and copies of, any books, records, and documents in the Executive's possession as reasonably requested by the 280G Firm, and otherwise cooperate with the 280G Firm in connection with the preparation and issuance of the determinations and calculations contemplated by Section 3. Cooperation may include, among other things, being interviewed in order for the 280G Firm to assess whether any payments may be exempt from being parachute payments by virtue of qualifying as reasonable compensation for purposes of Section 280G of the Code.

Section 4

RESTRICTIVE COVENANTS

4.1 The Executive shall remain subject to the restrictive covenants set forth in the Employee Noncompetition, Nondisclosure and Developments Agreement ("Noncompete Agreement") following a Change in Control or any termination of employment thereafter. The Executive acknowledges that the covenants contained in the Noncompete Agreement are reasonable and necessary to protect the legitimate interests of the Company and its affiliates, that the Company would not have entered into this Agreement in the absence of such restrictions under the Noncompete Agreement, and that any violation of any provision of the Noncompete Agreement will result in irreparable injury to the Company. The Executive further represents and acknowledges that: (i) the Executive has been advised by the Company to consult Executive's own legal counsel in respect of this Agreement and the Noncompete Agreement, and (ii) the Executive has had full opportunity, prior to execution of this Agreement, to review thoroughly this Agreement and the Noncompete Agreement with Executive's counsel.

Section 5

TERM OF AGREEMENT

5.1 The Agreement shall terminate on the earlier of (i) Executive's employment termination date for any termination of employment except for a Covered Termination or (ii) two years after a Change in Control occurs. Notwithstanding the above, if a Covered Termination occurs, then this Agreement shall expire one year after Executive's employment Covered Termination date.

5.2 The obligations of the Company and the Executive under this Agreement which by their nature may require either partial or total performance after its expiration shall survive any such expiration.

5.3 This Agreement shall not affect any rights of the Company or the Executive prior to a Change in Control or any rights of the Executive granted in any other agreement, plan or arrangements. The rights, duties and benefits provided hereunder shall only become effective upon a Change in Control. If the employment of the Executive by the Company is terminated for any reason prior to a Change in Control, this Agreement shall thereafter be of no further force and effect.

Section 6

MISCELLANEOUS

6.1 (a) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and agree to perform under the terms of this Agreement in the same manner and to the same extent that the Company and its affiliates would be required to perform it if no such succession had taken place (provided that such a requirement to perform which arises by operation of law shall be deemed to satisfy the requirements for such an express assumption and agreement), and in such event the Company (as constituted prior to such succession) shall have no further obligation under or with respect to this Agreement. Failure of the Company to obtain such assumption and agreement with respect to the Executive prior to the effectiveness of any such succession shall be a breach of the terms of this Agreement with respect to the Executive and shall entitle the Executive to compensation from the Employer (as constituted prior to such succession) in the same amount and on the same terms as the Executive would be entitled to hereunder were the Executive's employment terminated for Good Reason following a Change in Control, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business or assets as aforesaid which assumes and agrees (or is otherwise required) to perform this Agreement. Nothing in this Section 6.1(a) shall be deemed to cause any event or condition which would otherwise constitute a Change in Control not to constitute a Change in Control.

(b) Notwithstanding Section 6.1(a), the Company shall remain liable to the Executive upon a Covered Termination after a Change in Control if the Executive is not offered continuing employment by a successor to the Employer on a basis which would not constitute a termination for Good Reason.

(c) This Agreement, and the Executive's and the Company's rights and obligations hereunder, may not be assigned by the Executive or, except as provided in Section 6.1(a), the Company, respectively; any purported assignment by the Executive or the Company in violation hereof shall be null and void.

(d) The terms of this Agreement shall inure to the benefit of and be enforceable by the personal or legal representatives, executors, administrators, permitted successors, heirs, distributees, devisees and legatees of the Executive. If the Executive shall die while an amount would still be payable to the Executive hereunder if they had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee or other designee or, if there is no such designee, the Executive's estate.

6.2 The Executive shall not be required to mitigate damages or the amount of any payment or benefit provided for under this Agreement by seeking other employment or otherwise, nor will any payments or benefits hereunder be subject to offset in the event the Executive does mitigate.

6.3 The Employer shall pay all reasonable legal fees and expenses incurred in a legal proceeding, including any arbitration pursuant to Section 6.10 or otherwise, by the Executive in seeking to obtain or enforce any right or benefit provided by this Agreement. Such payments are to be made within twenty (20) days after the Executive's request for payment accompanied with such evidence of fees and expenses incurred as the Employer reasonably may require; provided that if the Executive institutes a proceeding and the judge or other decision-maker presiding over the proceeding affirmatively finds that the Executive has failed to prevail substantially, the Executive shall pay Executive's own costs and expenses (and, if applicable, return any amounts theretofore paid on the Executive's behalf under this Section 6.3).

6.4 For the purposes of this Agreement, notice and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when hand delivered or mailed by United States certified or registered express mail, return receipt requested, postage prepaid, if to the Executive, addressed to the Executive at his or her respective address on file with the Company; if to the Company, addressed to SeaChange International, Inc., 177 Huntington Avenue, Suite 1703, PMB 73480, Boston, Massachusetts 02115-3153, and directed to the attention of its General Counsel and Secretary of the Board; if to the Board, addressed to the Board of Directors, c/o 177 Huntington Avenue, Suite 1703, PMB 73480, Boston, Massachusetts 02115-3153, and directed to the Company's General Counsel and Secretary of the Board; or to such other address as any party may have furnished to the others in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

6.5 Unless otherwise determined by the Employer in an applicable plan or arrangement, no amounts payable hereunder upon a Covered Termination shall be deemed salary or compensation for the purpose of computing benefits under any employee benefit plan or other arrangement of the Employer for the benefit of its employees.

6.6 Other than as set forth in a Performance-Vested Equity Award(s) to which the Executive is party with the Company, this Agreement is the exclusive arrangement with the Executive applicable to payments and benefits in connection with a change in control of the Company (whether or not a Change in Control), and supersedes any prior arrangements involving the Company or its predecessors or affiliates relating to any change in control (whether or not a Change in Control). This Agreement shall not limit any right of the Executive to receive any payments or benefits under an employee benefit or executive compensation plan of the Employer, initially adopted as of or after the date hereof, which are expressly contingent thereunder upon the occurrence of a change in control (including, but not limited to, the acceleration of any rights or benefits thereunder); provided that in no event shall the Executive be entitled to any payment or benefit under this Agreement which duplicates a payment or benefit received or receivable by the Executive under any severance or similar plan or policy of the Employer, and in any such case the Executive shall only be entitled to receive the greater of the two payments.

6.7 Any payments hereunder shall be made out of the general assets of the Employer. The Executive shall have the status of general unsecured creditor of the Employer.

6.8 Nothing in this Agreement shall confer on the Executive any right to continue in the employ of the Employer or interfere in any way (other than by virtue of requiring payments or benefits as may expressly be provided herein) with the right of the Employer to terminate the Executive's employment at any time.

6.9 The Employer shall be entitled to withhold from any payments or deemed payments any amount of tax withholding required by law.

6.10 The Executive may elect to have any controversy or claim arising out of or relating to this Agreement or the breach of this Agreement (other than with respect to an alleged breach of a restrictive covenant under Section 4 above) that is not resolved by the Employer submitted to binding arbitration under the Federal Arbitration Act in Boston, Massachusetts, administered by the American Arbitration Association under its Employment Dispute Resolution Rules, subject to any additional terms and conditions as may be agreed to by the Executive and the Employer. The determination of the arbitrator(s) shall be conclusive and binding on the Employer and Executive and judgment may be entered on the arbitrator(s)' award in any court having jurisdiction. The arbitration provisions hereof shall, with respect to such controversy or dispute, survive the termination of this Agreement. This Section 6.10 shall be administered in accordance with the disputed payment provisions of Treasury Regulation Section 1.409A-3(g).

6.11 This Agreement may be amended, superseded, canceled, renewed or extended, and the terms hereof may be waived, only by a written instrument signed by the parties or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any such right, power or privilege nor any single or partial exercise of any such right, power or privilege, preclude any other or further exercise thereof or the exercise of any other such right, power or privilege.

6.12 The Executive agrees that he will be subject to any compensation clawback or recoupment policies that may be applicable to him as an executive officer of the Company, as in effect from time to time and as approved by the Board or a duly authorized committee thereof, whether or not approved before or after the effective date of this Agreement.

6.13 The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement which shall remain in full force and effect.

6.14 The use of captions in this Agreement is for convenience. The captions are not intended to and do not provide substantive rights.

6.15 THIS AGREEMENT SHALL BE CONSTRUED, ADMINISTERED AND ENFORCED ACCORDING TO THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW, EXCEPT TO THE EXTENT PREEMPTED BY FEDERAL LAW.

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IN WITNESS WHEREOF, the parties hereto have signed their names, effective as of the date first above written.

SEACHANGE INTERNATIONAL, INC.

By:	/s/ JULIAN SINGER
Name:	Julian Singer
Title:	Director

EXECUTIVE:

By:	/s/ PETER D. AQUINO
Name:	Peter D. Aquino

Exhibit 31.1

CERTIFICATION

I, Peter Aquino, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SeaChange International, 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 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: December 14, 2021

By: /s/ PETER AQUINO
Peter Aquino
Chief Executive Officer and President
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Michael D. Prinn, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SeaChange International, 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 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: December 14, 2021

By: /s/ MICHAEL D. PRINN
Michael D. Prinn
Chief Financial Officer, Senior Vice President and Treasurer
(Principal Financial and Accounting Officer)

Exhibit 32.1

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 of SeaChange International, Inc. (the "*Company*") on Form 10-Q for the period ending October 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "*Report*"), I, Peter Aquino, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; 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: December 14, 2021

/s/ PETER AQUINO
Peter Aquino
Chief Executive Officer and President
(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 of SeaChange International, Inc. (the "*Company*") on Form 10-Q for the period ending October 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "*Report*"), I, Michael D. Prinn, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; 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: December 14, 2021

/s/ MICHAEL D. PRINN
Michael D. Prinn
Chief Financial Officer, Senior Vice President and Treasurer
(Principal Financial and Accounting Officer)