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QMCO.OQ - Q3 2025 Quantum Corp Earnings Call

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PRESENTATION

Operator

Greetings and welcome to the Quantum Corporation fiscal third quarter 2025 earnings conference call and webcast.

(Operator Instructions) As a reminder, this conference is being recorded.

It's now my pleasure to turn the call over to your host, Chief Administrative Officer Brian Cabrera. Please go ahead.

Brian Cabrera - *Quantum Corp - Chief Administrative Officer*

Good afternoon. Thank you for joining today's conference call to discuss Quantum's third quarter fiscal 2025 financial results.

I'm Brian Cabrera, Quantum's Chief Administrative Officer. Speaking first, today, is Jamie Lerner, our Chairman and CEO, followed by Ken Gianella, our CFO. We'll then open the call to questions from analysts.

Some of our comments during the call today may include "forward-looking" statements. All statements, other than statements of historical fact, should be viewed as forward-looking, including any projections of revenue, margins, expenses, adjusted EBITDA, adjusted net income, cash flow, or other financial, operational, or performance topics. These statements involve known and unknown risks and uncertainties we refer to as risk factors.

Risk factors may cause our actual results to differ materially from our forecast. For more information, please refer to the detailed descriptions we provide about these and additional risk factors, under the risk factors section in our 10-Qs and 10-K filed with the Securities and Exchange Commission.

We do not intend to update or alter our forward-looking statements once they are issued, whether as a result of new information, future events or otherwise, except, of course, as we are required by applicable law.

Please note that our press release and the management statements we make during today's call will include certain financial information in GAAP and non-GAAP measures. We include definitions and reconciliations of GAAP to non-GAAP items in our press release.

Now, I'd like to turn the call over to our Chairman and CEO, Jamie Lerner. Jamie?

Jamie Lerner - *Quantum Corp - Chief Executive Officer, Chairman of the Board*

Thank you, Brian. And thank you all for joining us.

Earlier today, we announced our results for our third quarter fiscal 2025.

Turning to slide 4, here are some brief highlights from the quarter:

We finished Q3'25 with \$72.6 million in revenue, GAAP gross margin of 43.8%, up 230 basis points quarter over quarter, and adjusted EBITDA of positive \$4.7 million, an increase of \$5 million quarter over quarter. Third quarter revenue increased sequentially and was above the midpoint of guidance, as recent bookings momentum and customer wins were converted into realized sales.

The company made continued progress in shifting to a subscription-based model. Our subscription ARR increased 29% year over year to \$21.3 million, with over 90% of new sales in the quarter on subscription. Additionally, we achieved a positive adjusted EBITDA of \$4.7 million, surpassing expectations and generating improved free cash flow.

These results were driven by a 6% year-over-year reduction in non-GAAP operating expenses and a 230 basis points sequential expansion in gross margin, to nearly 44%. This reflects the success of the company's self-help actions, in tandem with a higher-value product mix and a large US federal deal.

As part of our broader transformation, a key focus has been significantly reducing outstanding debt to achieve financial independence and eliminate costly interest and fees. To support this, the company entered into a Standby Equity Purchase Agreement with a new financial partner, ensuring access to additional capital and liquidity on favorable terms. This strategic move will strengthen the balance sheet, lower the cost structure through a staged debt reduction, and provide greater flexibility to accelerate growth initiatives.

The company is progressing with its transformation plan aimed at driving sustainable revenue growth and EBITDA expansion. I would like to share notable highlights from the quarter.

Secondary storage revenue grew 15% year over year, largely driven by the success of the new DXi data-protection appliances, which were significantly designed with cybersecurity features. Long-time customers who have depended on Quantum's backup and recovery solutions for years are now upgrading their systems to leverage the efficiencies of the newly launched DXi appliances. A key highlight was winning a large multi-million-dollar deal with the top European retailer.

We are also winning new business by offering highly competitive solutions in the market. For example, a major American multinational technology manufacturer chose Quantum for their global backup and recovery strategy. They deployed a pair of DXi9200s, with plans for a scalar tape library for secure archiving; and multiple DXi T-Series appliances for remote locations, replicating to the US site for disaster recovery.

Quantum was selected over a point-product vendor due to its ability to provide tiered backup and archive solutions, robust security features, and strong international support capability. Alongside our traditional backup and recovery solutions, our archive solutions continue to grow at substantial deal sizes, based on petabyte scale data needs.

We secured a seven-figure deal with the Japanese Research Informatics Institute. This existing, active scale customer required a significant capacity expansion, adding over 10 petabytes of storage. Although the expansion had to be put out to bid with multiple object storage vendors, the Institute chose to stay with Quantum due to prior satisfaction and our technology advantage, with dynamic data placement to optimize throughput and protect against data loss.

Next, a cloud service provider in South Africa transitioned from a competitive object storage solution to Quantum ActiveScale Cold Storage to manage over 10 petabytes of data. The large scale of data led to an archive requirement for over a half a million dollars, with Quantum GO offering a pay-as-you-go subscription model to meet their budgetary needs.

Myriad continues to be on the forefront of innovation, as we collaborate with the leader in the advancement of AI, currently fusing Quantum computing-inspired algorithms and AI/ML to tackle problems once deemed unsolvable. Myriad's unique architecture provides the scalability and performance they will need to support the relentless pursuit of speed to accelerate development of their Next-Gen AI and deep learning capabilities.

The company remains committed to improving operational efficiency while focusing on accelerating growth and EBITDA expansion, driven by our recently launched products that offer higher margins. This aligns with our goal of addressing customer needs for comprehensive data life cycle management.

Now, I would like to turn it over to Ken to walk through our financial results in more detail. Ken?

Kenneth Gianella - *Quantum Corp - Chief Financial Officer*

Thank you, Jamie.

Please turn to slide 7 and I'll provide an overview of the GAAP financial results for our fiscal third quarter.

Revenue was \$72.6 million, an increase of approximately 1% year over year and up approximately 3% from the prior quarter.

Bookings for the quarter were slightly better than our expectations, as we continue to convert recent customer wins into realized sales. Backlog also began to normalize and finished the quarter at approximately \$9.3 million, which is at our target run rate of \$8 million to \$10 million, even though supply chain lead times still remain extended in certain areas.

Our GAAP gross margin for the period expanded 320 basis points to 43.8%, from 40.6% in the year ago quarter; and 230 basis points from 41.5% in the prior quarter. The increase in gross margin reflects our ongoing efforts to drive improved product mix towards a higher-margin, higher-value solutions, combined with stronger royalty revenue in the quarter.

GAAP net loss for the third quarter was \$71.4 million, which included a non-cash charge of a negative \$61.6 million related to the fair market value of warrant liabilities, resulting from the significant increase in our stock price during the quarter, as well as a positive non-cash impact of \$1.2 million intercompany foreign currency adjustments. This compares to GAAP net loss of \$9.9 million, or a loss of \$2.08 per share, in the prior fiscal quarter.

Now, turning to slide 8 for non-GAAP metrics.

Non-GAAP operating expenses were \$30.1 million in the third quarter, an approximate 6% reduction from the \$32.0 million last year and down approximately 1% from the prior quarter. This continued reduction in operating expenses is the result of our proactive self-help actions to improve process and productivity. And we expect to maintain operating costs at or below these levels in the fourth quarter, as ongoing cost containment actions take hold.

Adjusted EBITDA, in the third quarter, was a positive \$4.7 million compared with the negative \$2.6 million in the prior year, third quarter and a negative \$0.3 million in the prior quarter. This represents a \$7.3 million dollar improvement year over year and a \$5 million dollar improvement sequentially, reflecting the benefits of higher quality of revenue mix, combined with our ongoing operational improvements.

As mentioned last quarter, and it's worth reiterating again, our total savings from our operational initiatives have resulted in almost \$40 million of savings, since the end of FY'23.

In addition to our focus on improving EBITDA and total profitability, we also continue to prioritize annual recurring revenue, which we expect to be a key driver for delivering increasing profitability over time.

Moving to slide 9, I want to briefly highlight our annual recurring revenue and subscription metrics and the progress we are making towards driving higher-quality revenue.

Total annual recurring revenue, or ARR, for the trailing 12 months was approximately 49% of our total revenue, at \$141 million, with a gross margin on the combined business being approximately 67%.

As a company, we continue to focus on our total subscription TCV and subscription ARR by maximizing our Quantum Subscription opportunities to both our partners and customers, globally.

This quarter, we have another positive indicator that demonstrates our progress on subscription ARR, with the third quarter increasing approximately 29% year over year and approximately 9% sequentially, to \$ 21.3 million, with over 90% of new unit sales in the quarter being subscription-based.

Continuing this rotation and focus on total recurring revenue is a key element of our long-term business model in driving increased profitability and cash flow.

Now, please turn to slide 10 for an overview of the debt and liquidity at the end of the quarter.

Cash, cash equivalents, and restricted cash, at the end of the third quarter, were approximately \$20.6 million. Outstanding debt, split between term and our revolver, was \$105.9 million and \$37.5 million, respectively. As of the quarter end, the company's net debt position was \$133.0 million.

Turning to slide 11, as Jamie previously mentioned, one of our highest strategic priorities has been to improve the company's overall cost structure, including a significant reduction in our outstanding debt.

Quantum has made substantial efforts, over the last year, to improve our operational and financial health through a combination of revenue and marginal improvement plans, financial and organizational restructuring, and cost reduction initiatives. We have been exploring several alternatives to pay down our current outstanding debt, which would also help to lower our cost structure, including lowering the interest expense and other fees the company has incurred.

These actions, combined with improving our operating free cash flow, strengthen Quantum for its future success.

Subsequent to quarter end, we announced a Standby Equity Purchase Agreement with Yorkville Advisors, as a strategic financial partner. This agreement gives Quantum the right to access additional capital, at the company's discretion, over a three-year period. As part of the agreement, the initial tranche is limited to 1.15 million shares, or 19.99% of outstanding shares, with the remainder requiring shareholder approval.

In support of Quantum's effort to strengthen our balance sheet, the company's existing lenders have provided covenant forbearance for both fiscal Q3'2025 and fiscal Q4'2025 as we work towards shareholder approval.

Turning to slide 12, let me close out the company's guidance for the fiscal fourth quarter and an updated view of fiscal 2025, overall.

First, we are reiterating our previously full-year financial revenue guidance of \$280 million, plus or minus \$5 million, which contemplates fourth quarter total revenue of approximately \$66 million, plus or minus \$2 million.

The fiscal fourth quarter primarily reflects the normal calendar first-quarter seasonality and potential impact from supply chain headwinds that may occur.

We expect to hold fourth quarter non-GAAP operating expenses effectively flat at \$30 million, plus or minus \$1 million, reflecting the significant cost reduction actions we have taken over the last two years.

As a result, non-GAAP adjusted net loss per share for the fourth quarter is expected to be a negative \$1.16, plus or minus \$0.05 per share, based on an estimated 5.8 million shares outstanding.

Our outlook for the full-year adjusted EBITDA continues to be \$3 million, plus or minus \$1 million, which contemplates fourth quarter adjusted EBITDA of approximately \$1.7 million. The midpoint of our EBITDA guidance represents a significant year-over-year improvement of approximately \$8 million, both on a quarterly and on a full-year basis.

With that, I'll now hand the call back to Jamie for closing remarks.

Jamie Lerner - *Quantum Corp - Chief Executive Officer, Chairman of the Board*

Thank you, Ken.

In closing, this quarter Quantum has clearly demonstrated the benefits of our self-help initiatives. This includes driving a higher quality of revenue and profitable growth, executing on improving our operational process and productivity, combined with significant steps to being cash flow positive and moving the company forward to become debt-free.

While we continue our financial transformation, we remain focus on driving new and innovative products into the marketplace, improving our customers' experience, and leveraging our global footprint to improve our overall service model.

With the recently secured agreement and access to additional capital, we believe we are increasingly well positioned to fully execute our business strategy and realize growth in revenue and profit profitability over the coming year.

I'll now hand the call back to the operator for questions. Operator?

QUESTIONS AND ANSWERS

Operator

Thank you. And I'll be conducting a question-and answer-session.

(Operator Instructions)

Eric Martinuzzi, Lake Street.

Eric Martinuzzi - *Lake Street Capital Markets - Analyst*

Congrats on the year-over-year improvements. It's good to see the revenue back in a positive comp. And, certainly, the sequential EBITDA improvement is notable.

I wanted to talk, first off, about the SEPA, the purchase arrangement that you've got with Yorkville. Just curious to know how will this actually work? I saw it was declared effective yesterday.

But will you be taking action prior to shareholder approval? When do you expect shareholder approval? Just some high-level comments would be welcome.

Jamie Lerner - *Quantum Corp - Chief Executive Officer, Chairman of the Board*

I'll start and let Ken get into the mechanics of it.

We haven't announced anything yet, in terms of whether or whether or not we're going to sell against this ELOC. But I think it's a really good tool for the company to raise capital under very efficient terms.

And we've announced what our strategy is for this year. And there's several things we want to achieve.

One, we want to get the company to be debt-free. Secondly, we want to stop burning cash and make cash. And we're getting very close to that. We think this year we'll cross over to where we're no longer a cash consumer but a cash producer.

And, finally, we think this is the year where we've stemmed some of the declines in our business and we go back into growth mode. And this is just a tool at our disposal to give us some of that growth capital, as well as pay down debt that'll allow us to meet those objectives.

But nothing has been announced of when or how we're going to use it. That'll be forthcoming. And that's a Board decision.

Ken, I don't know if you have any comments about the instrument.

Kenneth Gianella - *Quantum Corp - Chief Financial Officer*

No. I think you covered it, Jamie. We work with our Board and our financial advisors and make sure it's right.

As Jamie said, it is a great tool that we now have with us to operate the company and help manage our liquidity and working capital and pay down debt as we go. So we'll let you guys know more as we go.

Eric Martinuzzi - *Lake Street Capital Markets - Analyst*

Okay.

And then, just curious to know -- you talked about the temporary manufacturing headwinds as part of the reason for the guidance that you gave, is this a continuation of the prior quarter issues that you described? Or is there any tariff impact to the guidance here?

Jamie Lerner - *Quantum Corp - Chief Executive Officer, Chairman of the Board*

It's a number of factors. One is we are beginning to manufacture the new i7 products and we've got a fair amount of demand for it. And some of the parts are just long lead time parts. So, whenever you start manufacturing a new product you have to iron out your line, iron out your supply chain, and really figure out what the right demand signal is. We've never really sold it and made it before so it's all I would say, estimates. So we're going through that.

Secondly, we have had the concerns of what happens if tariffs are turned on, what happens if tariffs are turned off -- so that, always, is a concern. So far, it's been smooth sailing. But there's just always that concern.

Many of the products we buy from Dell and Supermicro and others are made in Mexico. And products we have, we manufacture in Mexico. So you just have those concerns.

I think if all that is smooth, we expect to be at the higher end of our range. But we just have to see how the next couple of weeks play out. It's certainly been touch-and-go with some of the geopolitical stuff.

Eric Martinuzzi - *Lake Street Capital Markets - Analyst*

Got it. Thanks for taking my questions.

Operator

Nehal Chokshi, Northland Capital Markets.

Nehal Chokshi - *Northland Capital Markets - Analyst*

Thank you and congrats on a really nice EBITDA surprise. That's great to see.

Jamie Lerner - *Quantum Corp - Chief Executive Officer, Chairman of the Board*

Thank you.

Nehal Chokshi - *Northland Capital Markets - Analyst*

Yeah.

You mentioned you had a large US federal deal, was it across the whole product portfolio or was it focused to a certain product?

Jamie Lerner - *Quantum Corp - Chief Executive Officer, Chairman of the Board*

We started, about two years ago, really focusing on the high margin and highly differentiated parts of our portfolio. And our work with the US government, particularly with various defense and intelligence agencies, are a big part of what we do. So products that are really strong there are very high-speed analytic platforms, the storage that sits behind very high-speed and very high-secure planning, research, and analysis algorithms.

Also, a lot of our portfolio is focused on cybersecurity for very secure environments.

And we have an element of our portfolio that are shipboard systems. They're designed to be deployed in naval environments. They're shock- and vibrate-tested. They're humidity-tested to be put onboard a ship.

And all of those parts of the portfolio have been doing really well. And, especially, in an area that's kind of new to us, in terms of a growth area -- has been the national laboratories as well.

And the one thing that's gone -- we didn't really understand, initially, there were certain systems we sold to the US, certain US defense agencies, that many other nations replicated the exact same system, making it very easy to communicate between groups. And so some of the initial sales we had into the US government, we ended up getting other coalition nations, G-7 nations, buying copycat systems because of the ease of integration and coordination.

So all of those things have been going well for us. And we think we can really grow a lot more in that area.

Kenneth Gianella - *Quantum Corp - Chief Financial Officer*

Let me add on to that, Jamie.

When you look at the higher quality of earnings that we're having, we're on track to have the best year in Fed, since fiscal '22.

And Fed year over year is up 54%. So the effort that the team and the company has put in, as Jamie said on these higher-quality earnings type of products, we're showing proof points coming through and US Fed is a great data point for that.

Nehal Chokshi - Northland Capital Markets - Analyst

That's great.

Ken, so your OpEx for December quarter was \$30.5 million, non-GAAP basis, and you'r guiding to \$30 million. That does reflect significant cost takeout, relative to a year ago.

Is there more cost takeout that we should be anticipating? Or are we, now, at the maximum cost takeout?

Kenneth Gianella - Quantum Corp - Chief Financial Officer

No. I think that there's always room to optimize within an organization. And we're going to continue to find those ways.

The majority of our efforts, I think, are substantially complete. Calendar Q1, for all companies, that tends to be a little bit higher OpEx quarter, just because you start payroll taxes and certain elements like that come back into play.

We will still continue to look for efficiencies. But I think the majority of it is on track and completed, substantially complete.

Nehal Chokshi - Northland Capital Markets - Analyst

Just to be clear, the appropriation for OpEx that we should be modeling would be about \$30 million a quarter, here?

Kenneth Gianella - Quantum Corp - Chief Financial Officer

That's what we're guiding folks to, right.

Nehal Chokshi - Northland Capital Markets - Analyst

Yes. Okay. Great.

All right. And then, thoughts on backlog trajectory for the March quarter?

Kenneth Gianella - Quantum Corp - Chief Financial Officer

We're guiding folks at the exact same levels that we (multiple speakers) --

We're still giving people the 8% to 10% -- is what we're targeting for, within our number.

Nehal Chokshi - Northland Capital Markets - Analyst

Okay. Got it.

And then, if you could give just demand share trajectory, in terms of bookings for the December quarter, for your four key products -- of Myriad, ActiveScale, the recently launched all-flash data compliance and tape.

Jamie Lerner - *Quantum Corp - Chief Executive Officer, Chairman of the Board*

I think there's strength in a variety of areas. That covers a lot of ground.

Where we surged ahead of our competition is in data protection. We were first to market with all-flash data deduplication and data compression backup targets in the DXi portfolio. And we do have the largest centralized replication target and backup target with the DXi9200, which is well over 2 petabytes of storage in a single system.

And we've announced some even bigger all-flash systems. So that part of the portfolio has continued to grow really well. I think we've seen more normalization in media and entertainment, with a lot of strength in sports and a lot of strength in episodic.

So I would say StorNext is running at historical highs.

In tape, what's interesting is the demand on the i7. This is a pretty amazing new product that is 2,008 tape cartridges in a standard rack. No one has achieved anything even close to that. It is the highest and it is the largest and most dense storage appliance ever built by man. It just is. And it's a pretty incredible piece of innovation, even though a lot of us are probably thinking tape's a pretty old thing. But I think it has captured people's imagination.

In that there's just a new mindset, now, in the world where you can analyze everything and anything in ways no one thought. The new mindset is we better keep every single piece of data we've ever created.

And the i7 is the most efficient way for a large enterprise to keep every piece of data they've ever collected, created, come across, and do it in a very cost-effective way. You can do it at prices lower than any cloud provider. You can do it at -- there's just no one who can do it cheaper than plugging in these i7.

So seeing the demand for that has been really, really interesting.

And as it relates to Myriad, we continue to work with thought leaders. We are working with some of the world's most advanced quantum computing companies that have this voracious demand for high-speed storage.

And, particularly, quantum computers are being used for encryption -- very, very, very advanced and computationally- and storage-intensive encryption. And we've been working with companies in that area and working with a variety of life sciences companies in and around analytics use cases with Myriad.

As we get that product to continue to scale, we had some press releases about what we're doing, scale-wise, and some of the AI-specific functions we're adding to increase its work with NVIDIA GPUs and how it takes advantage of GPUs.

So I'm pretty pleased with how all that's going. I think, after seven years of really hard work, we've got a portfolio that is very differentiated, very unique, and just about every product has been entirely refreshed.

Now, some investors have looked at that and said that's caused you to spend a lot of money, that's caused you, at times, to be cash flow negative. And we consciously made those investments.

And our investors know that we had a very old company with old products and we had to dig in deep, with some lenders, to spend the money to refresh these products. But this is the year where we're committing and we're pretty confident that the company, because of these investments, moves into a growth mode.

We switched from investing money into these products to generating money from these products. And we go back into growth mode.

And I think, with that, we've indicated and we'll share more data that we have a variety of -- let's just call them -- irons in the fire, where we're going to remove our debt.

And that is millions of dollars of interest we pay per quarter. And when we resolve that debt, you don't have to do a lot of heavy math to see how much cash the company generates when we no longer have these heavy interest payments.

And you bring all that together, we're pretty excited about what we're looking at, going forward.

Nehal Chokshi - *Northland Capital Markets - Analyst*

Yeah, absolutely, on that portion. And thank you for all that color, Jamie. That was really great.

Just one, real quick -- when you talk about being in a position to be in growth, going into fiscal year '26, of these products, which one do you think will have the biggest dollar increase?

Jamie Lerner - *Quantum Corp - Chief Executive Officer, Chairman of the Board*

We don't break out product lines. I would say we're seeing -- we really talked about our portfolio, in terms of primary and secondary, and we are driving growth on both sides.

Obviously, Myriad is the growth driver in primary. And, really, the i7 and DXi are the growth drivers in secondary.

And what's interesting about ActiveScale -- we can have S3 object stores that are primary incarnations, as all-flash, and they can be secondary incarnations where they tier to tape. So that product is pretty interesting, in that it can be used in high-speed use cases, as well as backup and data protection use cases.

Short answer, we expect growth, both in primary and secondary, to meet our objectives.

Kenneth Gianella - *Quantum Corp - Chief Financial Officer*

And, Jamie, just to add some proof points to that number.

Like StorNext, it's up almost 50% year over year. And all those refreshed portfolios that Jamie was talking about -- the i7, DXi, all of those -- are on positive trajectories on a year-over-year basis.

So, definitely, the investment is paying off.

Nehal Chokshi - *Northland Capital Markets - Analyst*

Great.

And then, I just want to double-click onto the DXi, here, in terms of the competitive landscape. Clearly, there are a lot of all-flash array primary storage vendors and there are some of these backup software-only vendors that are partnering with those all-flash arrays to potentially, effectively replicate what you guys do.

But is it fair to say that that's not really the target market? It's really more the customers who desire and want a turnkey appliance that has, typically, been hard drive based?

Jamie Lerner - *Quantum Corp - Chief Executive Officer, Chairman of the Board*

Well, when you need to back up your most precious and important data, you have a couple of choices, right? You have the big incumbent players: IBM has products in that area; Dell has products in that area; smaller vendors have products in that area.

None of them offer all-flash 20:1, and in some cases, our products' 70:1 effective de-duplication. That is not available in all-flash. And certainly not in line.

Now, there are other people who say yes. Like, a pure storage would say, sure, you can back up against us and they have an all-flash appliance. That is 3 times to 4 times more expensive than any of us operate in the backup space. And they don't have anywhere near the efficacy of deduplication that a product like a variable-length deduplication algorithm like DXi has.

So it's not really apples to apples. Taking a very poor compression algorithm and a very poor deduplication algorithm in an all-flash bundle and putting it on an all-flash super micro box, it doesn't give you the same outcome.

So it's not that it's packaged as an appliance because we sell the DXi software, by itself, if someone wanted that. But it's building your product to take advantage of NVME storage. And that takes a lot of engineering rather than just, hey, plunk it down on an all-flash box. You have to re-engineer your product to take advantage of the PCIe lanes and take advantage of speaking to NVME, natively, versus treating it like it's a hard drive.

And that's why the others have talked about it. But Dell does not have all-flash data domain products. IBM does not have all-flash deduplication products. Hitachi does not have that. NetApp does not have that.

They just are not major storage vendors that have that technology available today. I assume they'll chase us but they don't have it today. Certainly, smaller vendors like an ExaGrid don't have anything like that today.

And we're just taking share with that technology.

Nehal Chokshi - *Northland Capital Markets - Analyst*

And how big is that market, overall, you think?

Jamie Lerner - *Quantum Corp - Chief Executive Officer, Chairman of the Board*

It's enormous, right? We participate in very small percents. We have a few percentage points in this market.

This is a market that's measured in many, many billions. I don't have the latest Gartner number in front of me but it's tens of billions.

But we don't play in the whole market. We play against certain areas in that market.

We've been very successful in financial services.

We've been very successful in Europe. Our European team is just done incredibly well with it.

Our Asia team has done really well.

And, now, we put a lot of focus on making movies and television and sports. That's what our storage really did in the US.

And, now, we're building that muscle back in North America -- how to not just help people make movies but how to back up data as well. And that's a big part of what we're doing.

Nehal Chokshi - *Northland Capital Markets - Analyst*

Great. Thank you. Thank you for taking all my questions.

Operator

Thank you.

We've reached the end of our question-and-answer session.

I'd like to turn the floor back over to Jamie for any further closing comments.

Jamie Lerner - *Quantum Corp - Chief Executive Officer, Chairman of the Board*

Well, listen, thank you, everyone. We're excited about what lays in front of us.

Our goals are pretty simple. We need to get cash flow positive this year. We need to return to growth this year. And we want to do some clever negotiations to move to a debt-free company.

And by doing that, we think we have a very different outcome than we've seen in the past.

And I want to end with a final comment.

The name Quantum Corporation was created in 1979. And this company went public in either 1983 or 1984. So I find it a little humorous that I'm making this clarification, but we are not a quantum computing startup. We're a data storage company that's been traded, publicly, since 1983, 1984 -- going on 40 years.

So if there's any confusion, let me end it here. We're a data storage company, we definitely work with quantum computing companies and we help them store their data. But we do not build quantum computers.

So with that, thanks, everyone. And we'll talk to you in 90 days.

Operator

Thank you.

That does conclude today's teleconference webcast.

You may disconnect your line, at this time. And have a wonderful day.

We thank you for your participation today.

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