

April 26, 2022



Quantum Corporation Successfully Raises \$67.5 Million in Oversubscribed Rights Offering; Strengthens Balance Sheet and Amends Debt Covenants

SAN JOSE, Calif., April 26, 2022 /PRNewswire/ -- Quantum Corporation (Nasdaq: QMCO) (the Company) announced today the closing of its recent Rights Offering. Through broad participation from outside investors and with all eligible directors and officers participating, the Rights Offering was substantially oversubscribed, resulting in the Company raising the maximum available of \$67.5 million and issuing 30 million shares.



"We are very pleased to have completed our Rights Offering. We saw overwhelming support from our shareholders, directors, and officers resulting in our being oversubscribed," commented Jamie Lerner, Chairman and CEO of Quantum. "The proceeds enable us to strengthen our balance sheet, reducing our debt by \$20 million and adding over \$45 million to our cash position. Additionally, with the cooperation of our supporting banks, we have reset all debt covenants to more favorable levels while increasing our revolving line of credit by \$10 million to \$40 million. These steps establish a stronger financial footing for the Company during these ongoing supply constrained times, allowing us to maintain our focus on growing revenue and fulfilling the increasing demand for our storage solutions."

As agreed to previously pursuant to the Investment Commitment Agreement dated March 16, 2022, Neuberger Berman Investment Advisers LLC on behalf of itself and certain funds managed by it, BRF Investments, LLC, B. Riley Securities, Inc., BRC Partners Opportunity Fund, LP, and certain of its other existing security holders, participated in the Rights Offering, purchasing an aggregate of approximately 22.4 million shares of Common Stock. All eligible directors and executive officers of the Company participated in the Rights Offering, purchasing an aggregate of approximately 135,335 shares of Common Stock.

The Company intends to use the net proceeds for the repayment of \$20.0 million of its outstanding indebtedness, to improve the strength of its balance sheet, and for working capital and other general corporate purposes.

The Company has also entered into amendments to the Amended and Restated Revolving Credit and Security Agreement (the Revolving Credit Agreement) and the Amended Term Loan Credit and Security Agreement (the Term Loan). The Revolving Credit Agreement amendment, among other things, increased the principal amount of revolving commitments from \$30 million up to \$40 million, waived compliance with the fixed charge coverage ratio financial covenant until the fiscal quarter ended March 31, 2025 and amended the covenant

levels for the total net leverage ratio financial covenant and the minimum liquidity financial covenant commencing with the fiscal quarter ended June 30, 2022. The Term Loan amendment, among other things, amended the covenant levels for the total net leverage ratio financial covenant and the minimum liquidity financial covenant commencing with the fiscal quarter ended June 30, 2022.

"We believe the additional funding from our Rights Offering combined with substantial improvements in our debt structure and covenants allow us to enter our Fiscal Year 2023 with a stronger balance sheet," said Mike Dodson, Chief Financial Officer. "A stronger balance sheet allows us to better weather the ongoing supply chain headwinds broadly impacting companies across our industry."

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Forward-Looking Information

Statements in this press release that are not historical in nature constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 ("Exchange Act"). These forward-looking statements are largely based on our current expectations and estimates about future events and financial trends affecting our business. Such forward-looking statements include, but are not limited to the anticipated use of proceeds from the Rights Offering, the increasing demand for our storage solutions and the anticipated benefits of a stronger balance sheet.

These forward-looking statements may be identified by the use of terms and phrases such as "anticipates", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "plans", "projects", "targets", "will", and similar expressions or variations or the negative of these terms and similar phrases. Additionally, statements concerning future matters and other statements regarding matters that are not historical are forward-looking statements. Investors are cautioned that these forward-looking statements relate to future events or our future performance and are subject to business, economic, and other risks and uncertainties, both known and unknown, that may cause actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by any forward-looking statements. Risks and uncertainties that could cause actual results to differ materially from those discussed in these forward-looking statements include, without limitation, the following: risks related to the need to address the many challenges facing our business; the potential impact of the COVID-19 pandemic on our business, including potential disruptions to our supply chain, employees, operations, sales and overall market conditions; the competitive pressures we face; risks associated with executing our strategy; the distribution of our products and the delivery of our services effectively; our ability to integrate the business, products, employees and other aspects of Pivot3's video surveillance business; the development and transition of new products and services and the enhancement of existing products and services to meet customer needs and respond to emerging technological trends; estimates and assumptions related to the cost (including any possible disruption of our business) and the anticipated benefits of the Rights Offering; termination of the Investment Commitment Agreement or the Rights Offering or changes to

the terms thereof; our stock price performance and general stock market volatility; the impact of political and economic instability and geopolitical tensions, including outbreak of hostilities, wars, or other acts of aggression, such as the current conflict in Ukraine, terrorism and political unrest, boycotts, curtailment of trade, government sanctions and other business restrictions; the outcome of any claims and disputes; and other risks that are described herein, including but not limited to the items discussed in "Risk Factors" in our filings with the SEC, including our Annual Report on Form 10-K filed with the SEC on May 26, 2021 and our Quarterly Report on Form 10-Q filed on February 9, 2022. We do not intend to update or alter our forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law or regulation.

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