

# Fiscal Third Quarter 2025 Earnings Call

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Jamie Lerner *Chairman and CEO*  
Kenneth Gianella *COO and CFO*

February 12, 2025



# Safe Harbor Statement and Use of Non-GAAP Financial Information

**Safe Harbor Statement.** Our presentation today contains forward-looking statements about the Company's plans, strategies, goals, target, and prospects including the company's cost reduction initiative and expected benefits of such initiative, capital structure and go-to-market strategies. We will also describe the Company's future operating results and financial position. These forward-looking statements are based on information available to the Company as of the date of this presentation and are based on management's current views and assumptions. These forward-looking statements involve a number of known and unknown risks that could cause actual results to differ materially from those anticipated. Such risks include changes in market demand and the competition we face; market acceptance of new products; the risk that the Company's cost reduction initiatives may not yield the anticipated benefits in the expected timeframe or at all, and risks associated with executing our strategy.

Information concerning other risks that could cause results to differ materially from our expectations is contained in the "Risk Factors" section of the Company's Annual Report filed on Form 10-K for its fiscal year ended March 31, 2024. The Company undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date they were made.

**Use of Non-GAAP Financial Information.** In this presentation the Company will be discussing non-GAAP measures, including adjusted EBITDA, which is calculated from results based on GAAP. These non-GAAP financial measures are provided to enhance your overall understanding of the Company's current financial performance and prospects for the future and are not comprehensive of the Company's financial results. Such measures should not be viewed as a substitute for the Company's financial statements prepared in accordance with GAAP. You can find a reconciliation of these metrics to the reported GAAP results in the reconciliation tables provided in the appendices to this presentation. A reconciliation of non-GAAP measures to corresponding GAAP metrics on a forward-looking basis is not available due to high variability and low visibility with respect to the charges which are excluded from these non-GAAP calculations.

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# CEO Opening Remarks

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Jamie Lerner *Chairman and CEO*



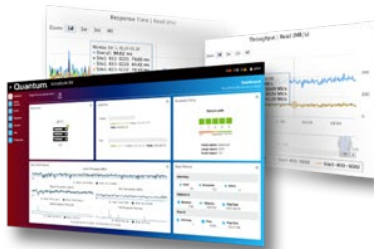
# Fiscal Q3 2025 Performance Summary

- Revenue of **\$72.6 million**
- Backlog of approximately **\$9.3 million**
- GAAP Gross Margin of **43.8%, up 230 basis points QoQ**
- Non-GAAP OpEx of \$30.1 million, flat QoQ and down 6% YoY
- Adjusted EBITDA of \$4.7 million, increase of \$5.0 million QoQ

# Product Innovation Driving Future Growth



Myriad All-Flash  
File Storage



ActiveScale for  
Data Lakes



DXi T-Series All-Flash  
Data Protection Appliances



Scalar i7 RAPTOR  
Tape Storage



Quantum GO  
Subscription Solution



# CFO Remarks

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Kenneth P. Gianella *COO and CFO*



# Third Quarter Fiscal 2025: GAAP Results

\$ in millions (except per share amounts)	Q3 2024	Q2 2025	Q3 2025	YoY Change	QoQ Change
Revenue	\$71.9	<b>\$70.5</b>	<b>\$72.6</b>	\$0.7	\$2.1
Gross Margin %	40.6%	<b>41.5%</b>	<b>43.8%</b>	+320 bps	+230 bps
Operating Expenses	\$35.4	<b>\$36.2</b>	<b>\$35.6</b>	0.6%	(1.6%)
Net Income (loss)	(\$9.9)	<b>(\$13.5)</b>	<b>(\$71.4)</b>	(\$61.5)	(\$57.9)
Income (loss) per share – basic and diluted	(\$2.08)	<b>(\$2.82)</b>	<b>(\$14.56)</b>	(\$12.48)	(\$11.73)

- Revenue reflects higher DXi sales, offset by supply chain headwinds
- Gross margin increased sequentially due to operational efficiency gains and product mix
- Net loss increased year-on-year due to a non-cash \$61.6 million loss on the mark-to-market of liability classified warrants as a result of the increase in share price

# Third Quarter Fiscal 2025: Non-GAAP Results

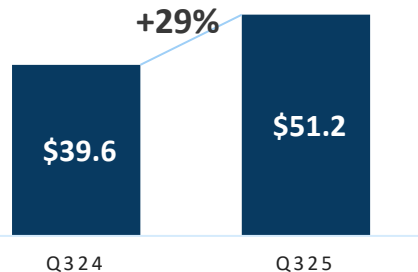
\$ in millions (except per share amounts)	Q3 2024	Q2 2025	Q3 2025	YoY Change	QoQ Change
Non-GAAP Gross Margin %	40.8%	<b>41.7%</b>	<b>44.1%</b>	+330 bps	+230 bps
Non-GAAP Operating Expenses	\$32.0	<b>\$30.4</b>	<b>\$30.1</b>	(5.9%)	(1.1%)
Non-GAAP Net Income (loss)	(\$8.5)	<b>(\$8.7)</b>	<b>(\$4.0)</b>	\$4.5	\$4.7
Non-GAAP Earnings (loss) per share – diluted	(\$1.79)	<b>(\$1.82)</b>	<b>(\$0.81)</b>	\$0.98	\$1.01
Adjusted EBITDA	(\$2.6)	<b>(\$0.3)</b>	<b>\$4.7</b>	\$7.3	\$5.0
Adjusted EBITDA Margin	(3.7%)	<b>(0.4%)</b>	<b>6.5%</b>	+1020 bps	+690 bps

- Operating expenses<sup>1</sup> decreased 6% year-on-year driven by proactive actions to improve process and productivity
- Net loss<sup>1</sup> decreased year-on-year due to improved margin and decreased operating expenses
- Adjusted EBITDA<sup>1</sup> improved both sequentially and year-on-year due to benefits of cost controls

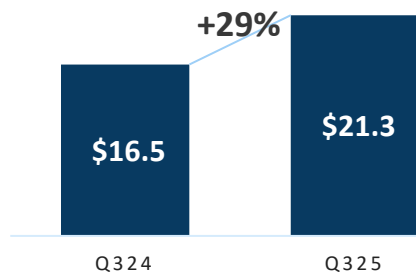


# Annual Recurring Revenue (ARR) Analysis

Subscription TCV (Total) US\$M

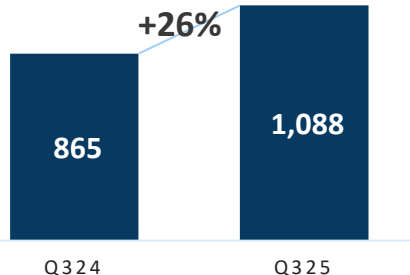


Subscription ARR US\$M

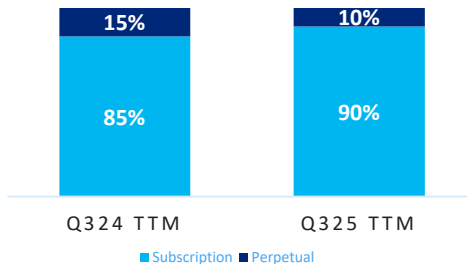


- Total Recurring revenue for the trailing twelve months was \$141M with a Gross Margin of ~67%
- Subscription ARR was \$21.3 million up 29% yoy
- Over 90% of new unit sales were Subscription based<sup>2</sup>
- Offerings available across full portfolio outside of tape

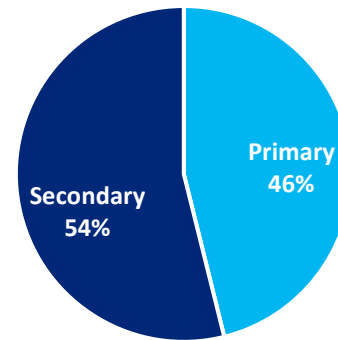
Subscription Customers



New Unit Sales w/Subscription<sup>2</sup>



Q325 TTM Subscription ARR Mix by Solution



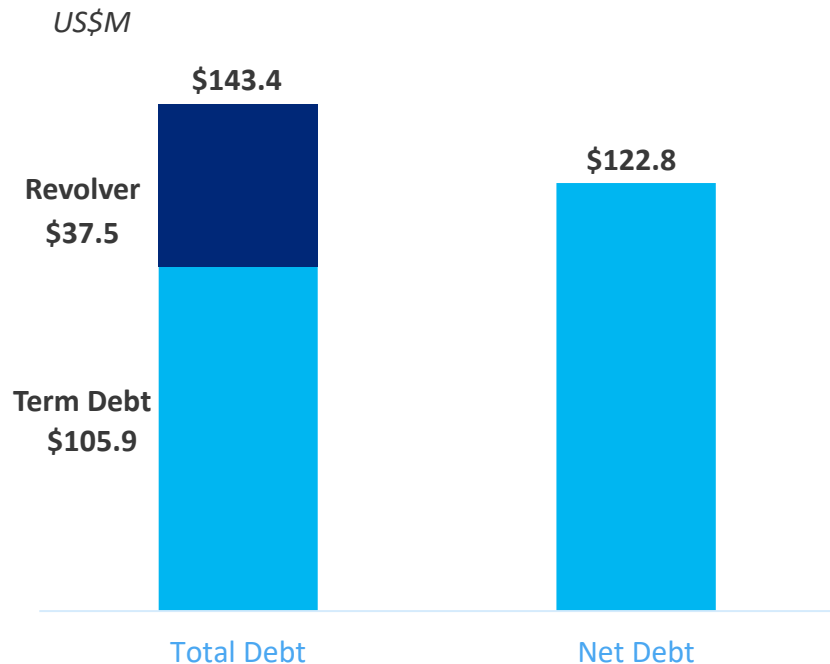
Note: GAAP numbers are Unaudited at the time of this presentation

Note 1: Total ARR is comprised of service + subscription + royalties + software maintenance

Note 2: New unit sales for: StorNext, DXI, ActiveScale

Note 3: Subscription Total TCV is comprised of Total Contract Value irrespective of revenue recognition period.

# Debt and Liquidity Overview: Q3 2025



Cash, cash equivalents and restricted cash: \$20.6 million

## Other Liquidity Metrics

- Interest Expense: \$6.8 million
- Adj Working Capital: \$27.7 million

# Purchase Agreement

- **Financial partnership with Yorkville Advisors on a Standby Equity Purchase Agreement**
- **Continues efforts to strengthen our balance sheet and reduce debt**
- **Transaction Summary:**
  - Access to additional equity capital and liquidity with discount fees of 3% and 4%
  - Limited initially to 1.15 million shares, remainder requires shareholder approval
  - Three years to access full amount with 100% at Company's discretion
  - Near term covenant relief as the company works to reduce its debt

# Fiscal 4th Quarter and Fiscal Year 2025 Guidance

- Revenue midpoint reflects seasonality and temporary manufacturing headwinds
- Continued operational actions lead to full year adjusted EBITDA improvement of almost \$8 million
- Efficiency gains and portfolio refresh have us poised for profitable growth into FY'26

\$ in millions (except per share amounts)	Q4'25 Guidance	2025 Outlook
Revenue	<b>\$66M</b> +/- \$2m	<b>\$280M</b> +/- \$5m
Non-GAAP OpEx	<b>\$30M</b> +/- \$1m	<b>\$120M</b> +/- \$1m
Non-GAAP Adj EPS	<b>(\$1.16)</b> +/- \$0.05	<b>(\$4.89)</b> +/- \$0.05
Adjusted EBITDA	<b>~\$1.7M</b>	<b>~\$3.0M</b> +/- \$1m

Average basic share count in Q4'25 and 2025 of approximately 5.8 million, ETR of -3% & Cash Tax of ~\$1 million, and a Capital Expenditure of 1.0% of Revenue

# CEO Closing Remarks

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Jamie Lerner *CEO*



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# Non-GAAP Financial Measures

To supplement our consolidated financial statements, which are prepared in accordance with accounting principles generally accepted in the United States (GAAP), we use certain adjusted or non-GAAP financial measures, including non-GAAP operating expense, non-GAAP operating income, non-GAAP net income, non-GAAP diluted earnings per share (EPS), adjusted EBITDA, free cash flow, and constant currency. We provide these non-GAAP financial measures because we believe they provide greater transparency and represent supplemental information used by management in its financial and operational decision making. We exclude certain costs in our non-GAAP financial measures as we believe the net result is a measure of our core business. We believe these measures facilitate operating performance comparisons from period to period by eliminating potential differences caused by the existence and timing of certain expense items that would not otherwise be apparent on a GAAP basis. Non-GAAP performance measures should be considered in addition to, and not as a substitute for, results prepared in accordance with GAAP. We strongly encourage investors and shareholders to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure. Our non-GAAP financial measures may be different from those reported by other companies. A more detailed discussion of why we use non-GAAP financial measures, the limitations of using such measures, and reconciliations between non-GAAP and the nearest GAAP financial measures are included at the back of this presentation and in our quarterly earnings press release.

# GAAP to Non-GAAP Reconciliations

(\$ in 000s)	Q3 2024	Q2 2025	Q3 2025
Net loss	(\$9,878)	(\$13,527)	(\$71,433)
Provision for income taxes	\$510	\$370	\$70
Interest expense, net	\$3,937	\$6,255	\$6,984
Depreciation expense	\$1,466	\$1,952	\$1,737
Amortization of acquisition related intangible assets	\$832	\$465	\$233
Stock-based compensation expense	\$905	\$716	\$735
Fair value of warrants adjustments	(\$2,213)	(\$3,550)	\$61,630
Restructuring charges	\$496	\$1,419	\$1,845
Loss on debt extinguishment	\$0	\$2,308	\$0
Debt costs	\$0	\$1,227	\$592
Non-recurring project costs	\$1,343	\$2,078	\$2,322
<b>Adjusted EBITDA</b>	<b>(\$2,602)</b>	<b>(\$287)</b>	<b>\$4,715</b>

*Note: GAAP numbers are Unaudited at the time of this presentation*

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Stock-based compensation expense	\$905	\$716	\$735
Restructuring charges	\$496	\$1,419	\$1,845
Loss on debt extinguishment	\$0	\$2,308	\$0
Non-recurring interest expense	\$0	\$124	\$116
Debt costs	\$0	\$1,227	\$592
Non-recurring project costs	\$1,343	\$2,078	\$2,322
<b>Adjusted net loss</b>	<b>(\$8,515)</b>	<b>(\$8,740)</b>	<b>(\$3,960)</b>
Adjusted net loss per share – basic and diluted	(\$1.79)	(\$1.82)	(\$0.81)
Weighted average shares – basic and diluted	4,751	4,793	4,907