



Your difference is in your data.™

Jamie Lerner *Chairman and CEO*

Kenneth Gianella *CFO*

August 2023

# Investor Overview

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# 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 initiative may not yield the anticipated benefits in the expected timeframe or at all, and the continued impact of the COVID-19 pandemic on the Company's business, including on its supply chain.

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 on Form 10-K filed with the SEC on June 6, 2023. 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, 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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# Company Overview

# QUANTUM AT-A-GLANCE (NASDAQ: QMCO)

For over 40 years we have been a leader in delivering end-to-end solutions for critical unstructured data across its entire lifecycle.

Analyze and Enrich

~10,000

Customers

Store and Manage

52%

Fortune 100

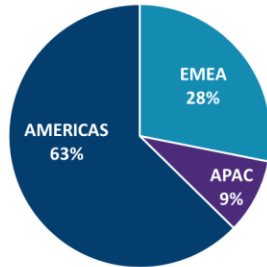
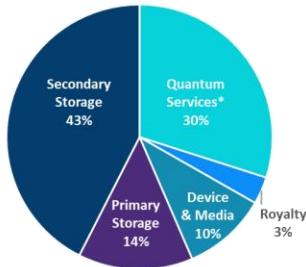
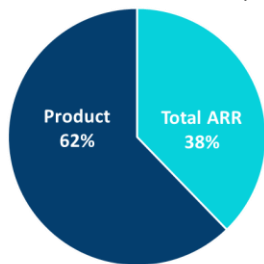
Protect and Preserve

50+ Exabytes

Stored and Protected

## \$413 FY' 2023 Revenue Mix

US\$ Millions



- FY23 Total Annual Recurring Revenue: \$156M
- FY23 Total ARR Gross Margin of 62%
- Q1'24 Total Subscription ARR: \$14.6M
- Q1'24 Subscription ARR Growth: 78% yoy

# Our Customers Include...

## The Largest Companies

**52% of**  
Fortune 100 Companies

## Most Recognized Brands

**5 of 5**  
Largest US Broadcasters

## Largest Producers Of Unstructured Data

**5 of 5**  
Largest Hyperscalers

**6 of Top 10**  
Largest Financial Institutions

**6 of Top 10**  
Hotel, Casino, Resort Companies

**14 of 18**  
US Intelligence Agencies

**10 of the World's**  
Highest-Volume Airports

**17 of 30** MLB Teams  
**15 of 32** NFL Teams

**10 of 17**  
National Labs



# Market Overview

# The Unstructured Data Revolution 2.0

## The Next Era of Unstructured Data...



IS EXPONENTIALLY BIGGER



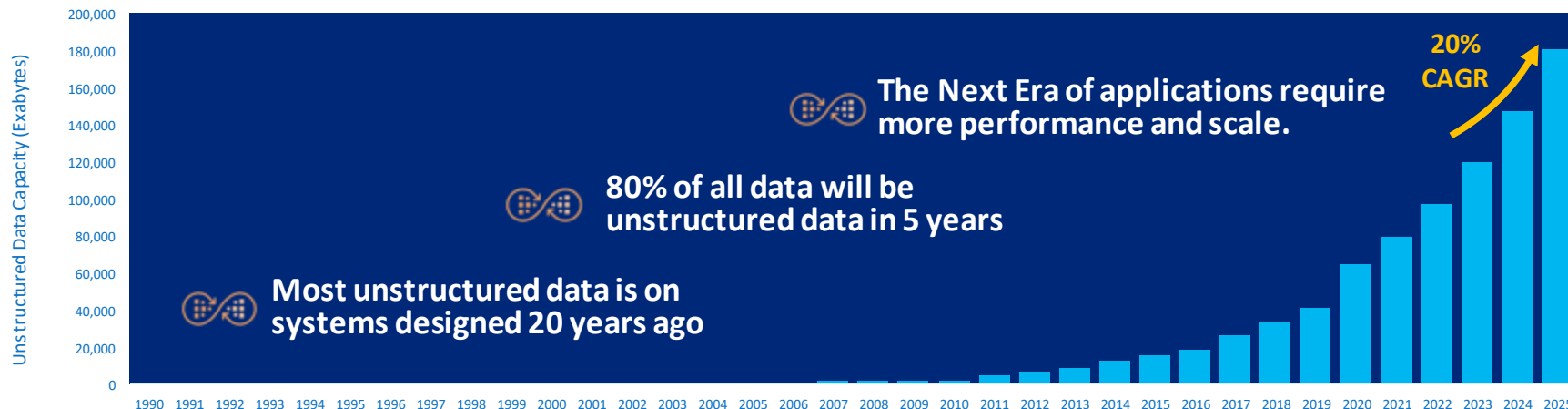
LIVES EVERYWHERE



WILL BE USED FOR DECADES



CONTAINS IMMENSE VALUE



# Requirements for the Next Era of Unstructured Data



**Cloud enabled:** Providing fluid mobility between on-prem and cloud



**AI / ML integration:** Applied across a wide variety of use cases



**Ransomware protection:** Ability to recovery at any point in the data lifecycle



**Faster time to business value:** Most efficient TCO managing a company's data



**“Data where you need it, when you need it”**

# The Market is Ripe for Disruption



## Legacy Storage Architectures are Failing

*Performance constraints, networking issues, management nightmares*



## Proliferation of Storage Platforms Adds Complexity and Costs

*Burden on IT personnel at a time when it is difficult to find talent*



## Rising Energy & Data Center Costs, ESG Considerations

*Driving investment in alternatives to disk-based storage*



## Lack Agility to Address Hybrid- and Multi-Cloud

*Repatriation of some data, need to scale cloud in other areas*

# Our Focused Market Strategy...

## Expands Our Footprint with Innovation & End-to-End Selling

- Where Quantum is Expanding with Innovation & End-to-End Sales
- Where Quantum Is Winning Today

	2022 TAM, 5-yr CAGR		M&E	Gov't	Finance	Life Science	Tech & Industrial
AI, Machine Learning Data Analytics	\$4.0B, 23.8% <sup>5</sup>	Primary	●	●	●	●	●
		Secondary	●	●	●	●	●
Images and Imaging	\$3.2B, 15.8% <sup>4</sup>	Primary	●	●	●	●	●
		Secondary	●	●	●	●	●
Backup and Recovery	\$2.9B, 5% <sup>3</sup>	Primary	●	●	●	●	●
		Secondary	●	●	●	●	●
Corporate Video	\$2.8B, 8.9% <sup>2</sup>	Primary	●	●	●	●	●
		Secondary	●	●	●	●	●
Video Surveillance	\$2.8B, 5% <sup>1</sup>	Primary	●	●	●	●	●
		Secondary	●	●	●	●	●

**How we win:** Faster time to business value, eliminate unpredictable cloud retrieval fees

**How we win:** Process images faster, preserve and protect massive datasets for decades at lowest TCO

**How we win:** 10x-50x faster recovery, multi-layered data protection, stronger cybersecurity

**How we win:** Asset management, high speed shared storage, content archiving solutions, One Vendor

**How we win:** Record 10,000+ cameras on single system, 99.9999% uptime, reduce footprint by 80%

Focus TAM ~\$16.0B @ ~12% 5-yr CAGR

**Quantum.**

1 Novira World Market for Video Surveillance Hardware & Software 2021

2 IDC WW File and Object Based Storage Revenue forecast, Dec 2021, IDC Global StorageSphere 2021, Internal analysis.

3 IDC PBBA Market Results and Outlook, March 2022, internal analysis based on IDC tape tracker

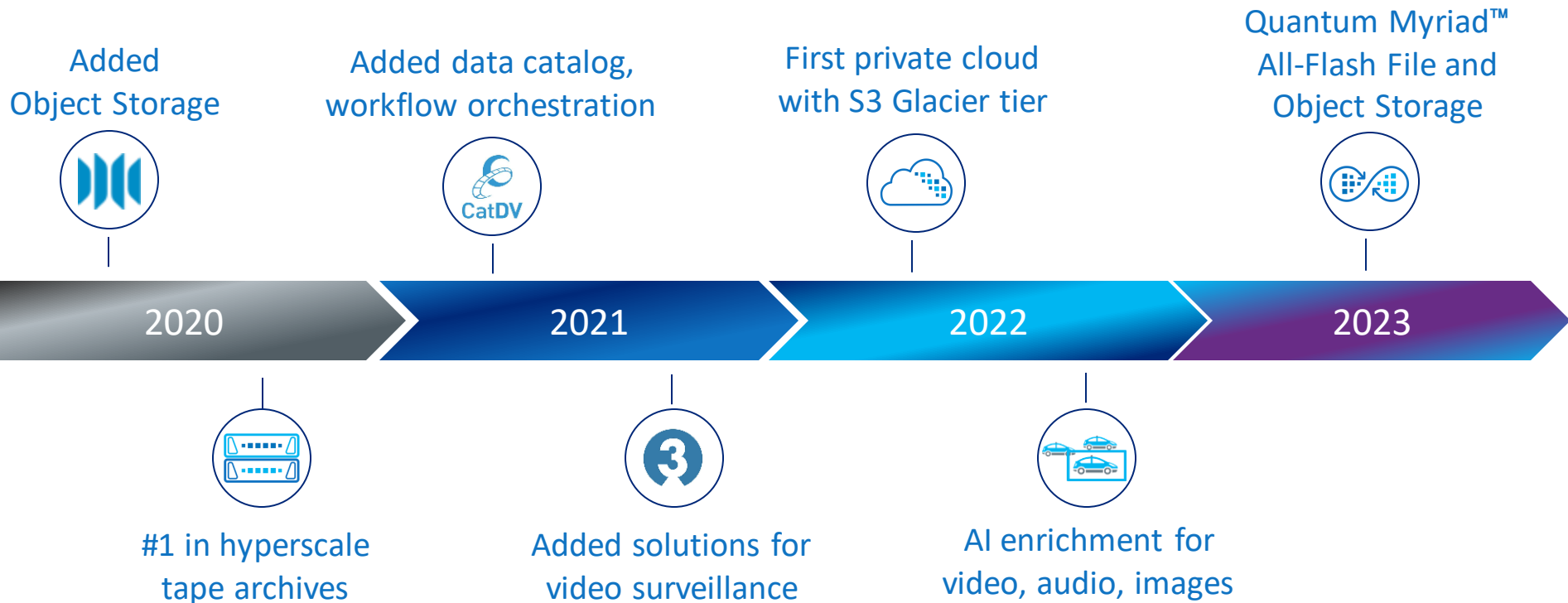
4 IDC WW File and Object Based Storage Revenue forecast, Dec 2021, IDC Global StorageSphere 2021, Internal analysis

5 Source: IDC AI tracker 2021H2. CAGR source from IDC Market presentation, Nov 2021.

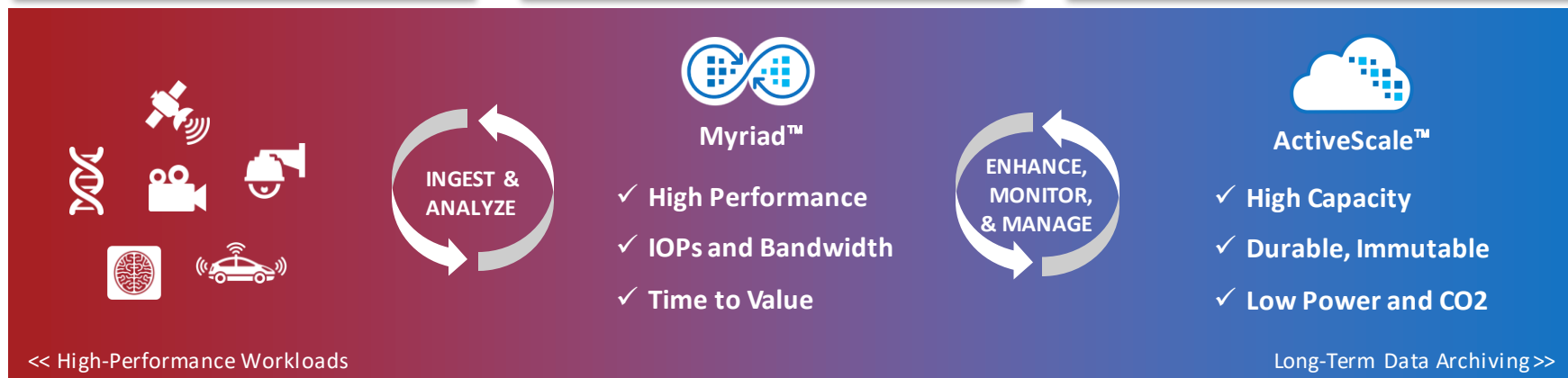
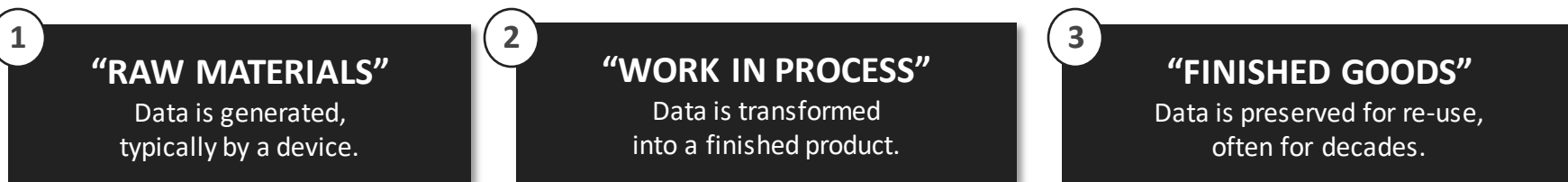
# Solution Overview

# Our Solution Portfolio...

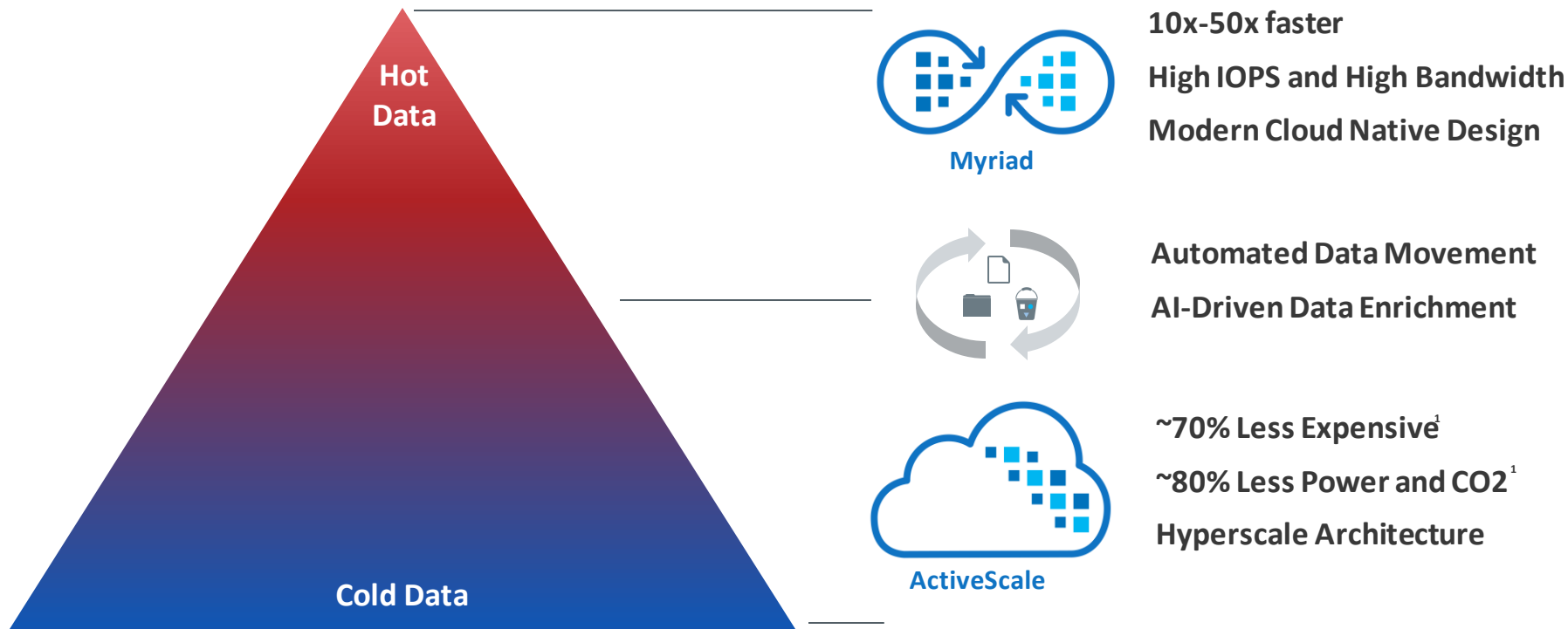
Innovation Built for Managing Unstructured Data End-to-End



# Quantum is the Data Factory for the Next Era



# Our Platform For the Next Era of Unstructured Data



# End to End Solution Portfolio

## Innovation for the Next Era of Unstructured Data



CatDV Asset Management and Analytics Software for indexing, cataloging, AI data enrichment, and workflow orchestration

Hot  
Data

### Primary Storage Portfolio



#### Myriad All-Flash Storage

All-flash scale-out  
file and object storage  
for fast performance



#### StorNext Hybrid Flash/Disk File Storage

Hybrid flash/disk file storage for  
post-production, video editing,  
and streaming data



#### Unified Surveillance Platform

Unified compute and storage for  
video surveillance recording  
and analytics

Cold  
Data

### Secondary Storage Portfolio



#### ActiveScale Object Storage

Massively scalable, highly durable  
storage for data protection  
and long-term data storage



#### DXi Backup Appliances

High performance, scalable  
backup appliances  
for backup and recovery



#### Scalar Tape Storage

Low cost, ultra secure  
storage for offline protection  
and data archiving



Services and Operations Solutions for consulting, installation, monitoring, and management of data infrastructure

# Myriad™

## All-Flash Scale-Out File and Object Storage Software for a “Cloud-Also” Future

### Run On Premise

Servers and switches communicate  
via 100GbE NVMe Fabric



### Data Where You Need it, When You Need It

Replicate files, folders, objects and  
buckets based on metadata



### Run Natively in Cloud

Gain agility and benefit from  
reduced cloud storage costs



### No Specialized Hardware

Software uses standard NVMe flash  
storage servers and switches

### Shared-Nothing Architecture Built for NVMe Flash

Delivers performance for both high bandwidth  
and high IOPs unstructured data applications

### Simple Storage Networking

Connect via NFS, SMB, or S3.  
Only One Network-Facing IP

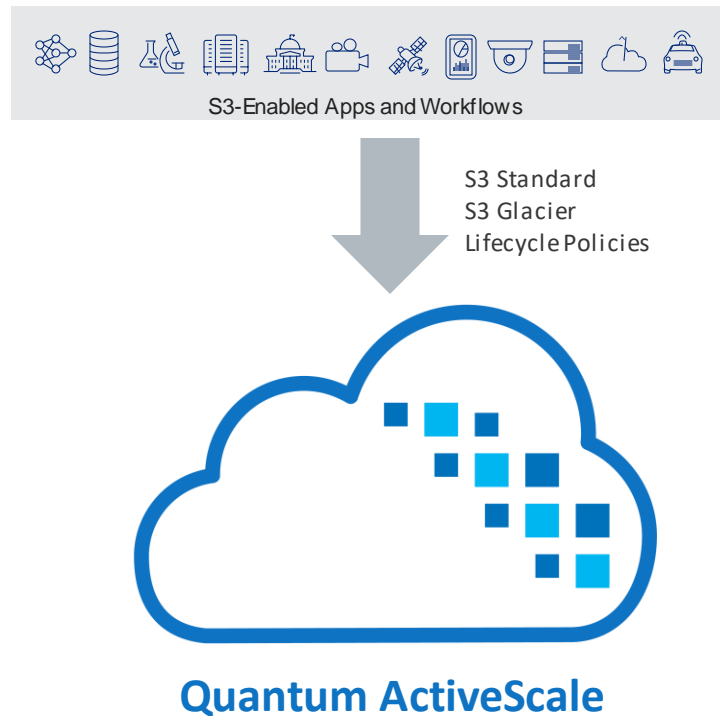
### Modern Cloud-Native Architecture

Microservices-based and orchestrated by  
Kubernetes to provide cloud-like simplicity

# ActiveScale™

## Scalable, Secure Object Storage at the Lowest Cost

- Repatriate public cloud data
- Eliminate egress and API fees
- Reduce storage costs by up to 70%<sup>1</sup>
- Reduce power and CO2 by up to 80%<sup>1</sup>
- Immutable and secure
- Manage exabytes with a single admin



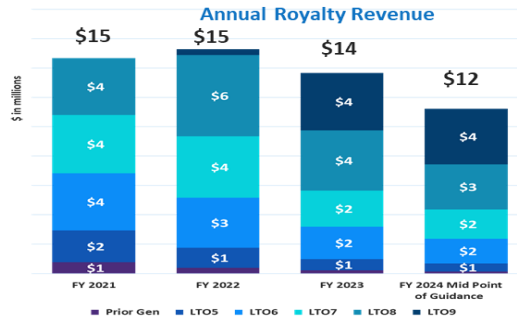
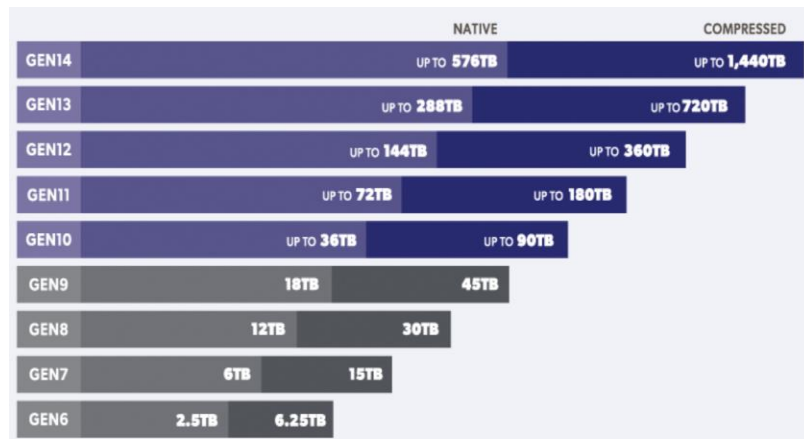
# QMCO & the LTO Consortium

## Influencing the innovation to achieve the lowest storage TCO in the industry

- The LTO Consortium was formed in 1996 by HP, IBM and Seagate; Quantum acquired Seagate's interest in 2005
- The LTO Consortium's objective is to develop LTO tape format specifications, contribute IP, and actively participate in market.
- More than 37 Quantum patents cover LTO and ensure Quantum's rights of per cartridge royalties paid by the media manufacturers to license and sell LTO cartridges
- **Quantum's true value is ensuring our market leading Scalar™ platform and our ActiveScale™ solutions sold to Hyperscalers and Enterprise customers achieve the highest density at the lowest TCO**

### Drivers Around LTO Consortium Royalty:

- Storage and LTO Density Improving = Less Cartridges Needed
- The royalty split up to LTO-7 was 33% each; After LTO-8 IBM is 40% and remaining 60% between the other two parties.
- Anticipate royalties stabilizing at forecasted levels



# Our Service Portfolio

Provides Customers Turnkey Solutions in Managing Unstructured Data by...

Helping **DESIGN** it,  
**INSTALL** it, **ENHANCE** it



## Professional Services



Consulting & Implementation

Helping to **LEARN**  
and **USE** it



## Education Services



Instructor-led & On-Demand  
Training

Helping to **PROTECT**  
it



## Support Services



Standard & Premium  
Services

Helping to **MANAGE**  
it and **OPTIMIZE** it



## Managed Services



Cold Storage Services  
Quantum-as-a-Service

Helping to **OPERATE** and  
**RUN** it as-a-Service



## Quantum as-a-Service



Cold Storage, VsaaS, &  
Custom Services

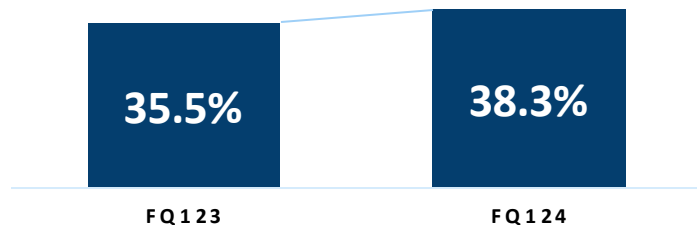
# Business Overview

# Our Transformation Strategy is in Motion...

	FROM	TO
<b>TAM Expansion</b>	Leadership in specific verticals	Expansion & growth via an accelerated pace of innovation
<b>Market Strategy</b>	Selling point products	Delivering end-to-end solutions
<b>Business Model</b>	One-time hardware sales	Annually recurring software & services subscriptions
<b>Customer Mindshare</b>	Tape storage company	Storing, protecting, managing, & enriching unstructured data

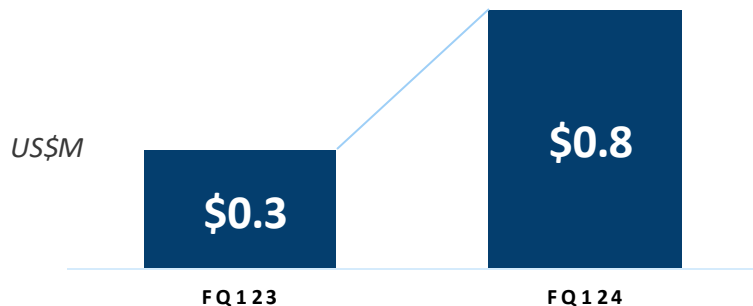
# First Quarter Fiscal 2024 Highlights

## NON GAAP GROSS MARGIN YEAR OVER YEAR<sup>1</sup>



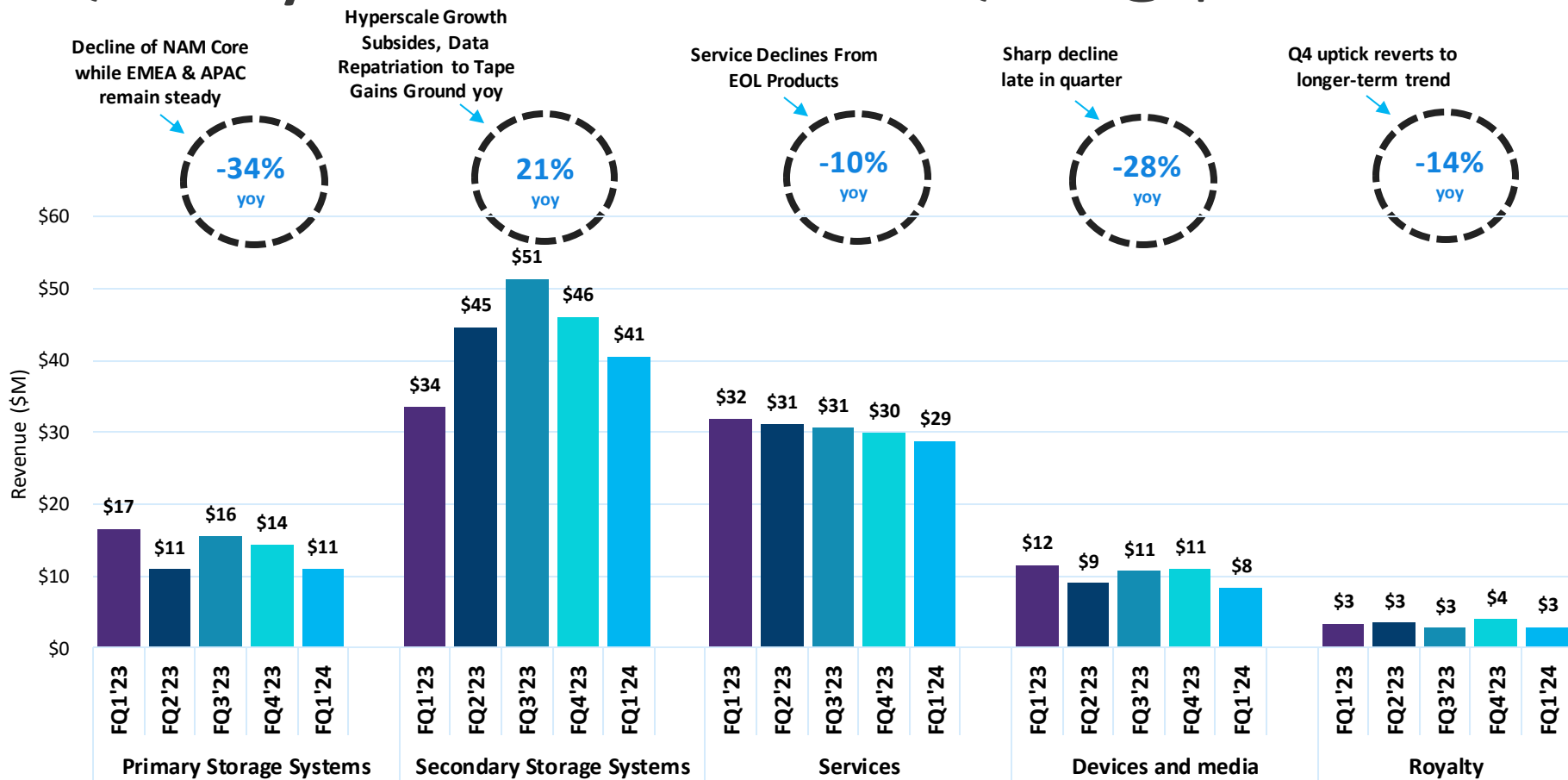
- Non-GAAP Gross Margin improved 280 bps

## ADJUSTED EBITDA YEAR OVER YEAR<sup>1</sup>



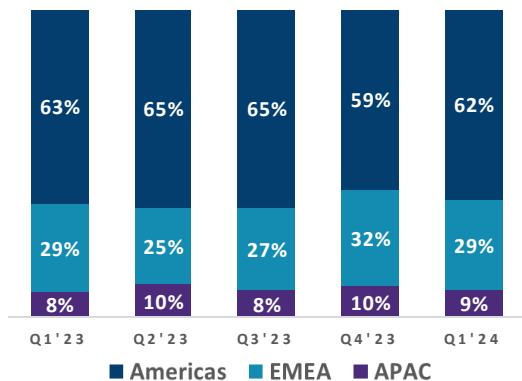
- Adjusted EBITDA \$0.8M<sup>1</sup> up ~2x

# Quarterly Trended Results: Fiscal Q1'24 @ \$91.8M

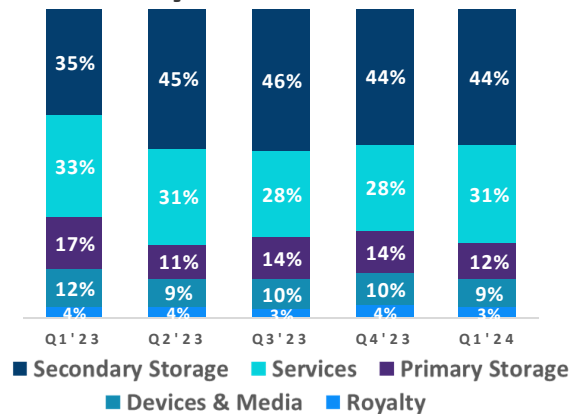


# QMCO Quarterly Revenue Mix

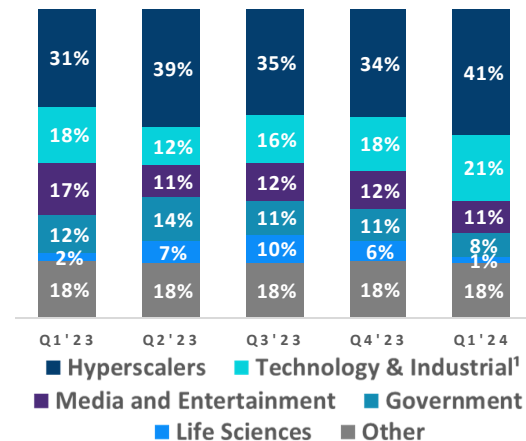
## By Geography



## By Business

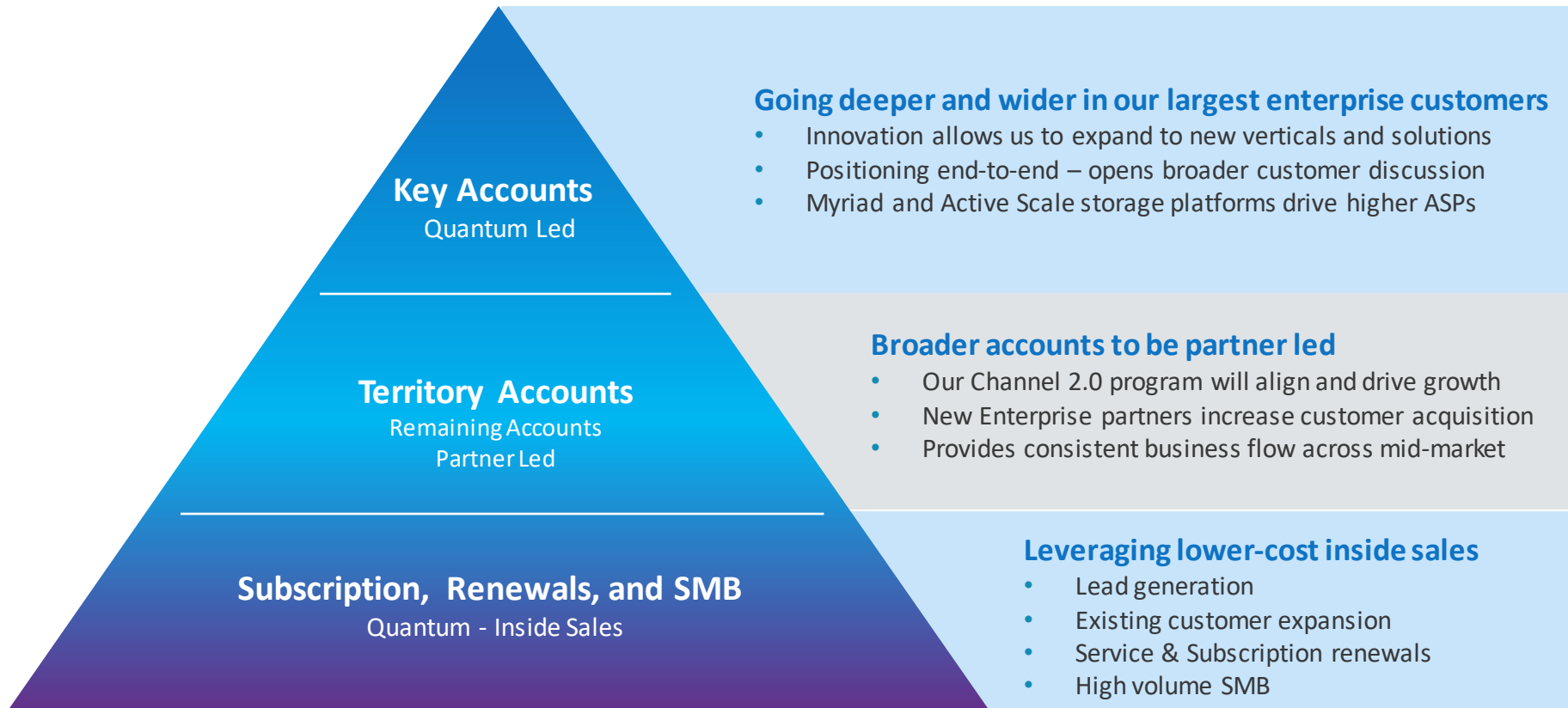


## By Vertical



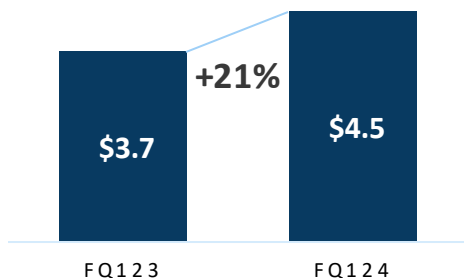
- **Improving Revenue Mix** is a key lever to expanding gross margin and our earnings
- Focused on **getting back to growth** in our Primary Storage and Services Business
- Portfolio transformation for **more software-defined subscription-based offerings**
- Expanding our TAM by targeting verticals poised for **the next era of unstructured data**
- Investing in sales team to focus on large enterprise and go deeper in existing verticals

# Sales Investment to Expand TAM & Drive Higher Efficiency

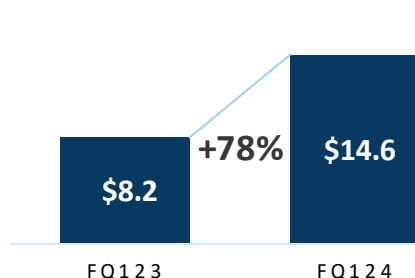


# Annual Recurring Revenue (ARR) Analysis

Subscription Bookings (TCV) US\$M

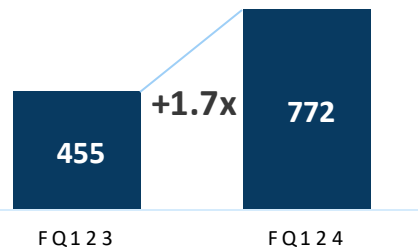


Subscription ARR US\$M

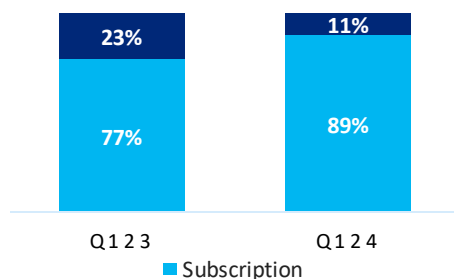


- Subscription ARR was \$14.6 million up 78% yoy
- Over 89% of new unit sales were subscription based<sup>2</sup>
- Average subscription contract duration is 2.3 years
- Offerings available across full portfolio outside of tape

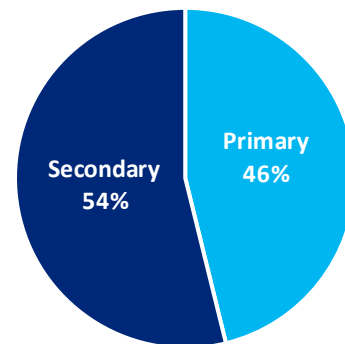
Subscription Customers



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



Subscription ARR Mix by Solution



# Capital Allocation Strategy

Focus on cash generation and deliver increased value to stakeholders

## CAPITAL CAPACITY

- Maintain sufficient capital to execute strategy and improve profitability in the near-term
- Focus on prudent cash management while navigating business transformation
- Preserve flexibility within capital structure; Debt maturity not until 2026

## VALUE CREATION INITIATIVES

- Execute on Global Efficiency Initiatives to create additional operating leverage
- Drive cost savings in services, manufacturing & across all departments
- Optimize global footprint to improve business economics and scale
- Complete >10% global reduction in force with < 6-month payback to drive enhanced profitability

## ORGANIC INVESTMENT

- Focus innovation on the highest ROI for both customers and Quantum
- Invest in global sales and marketing efforts in support of growth from new product introductions
- Complete infrastructure projects that target automation, data analytics & upgrade of research facilities



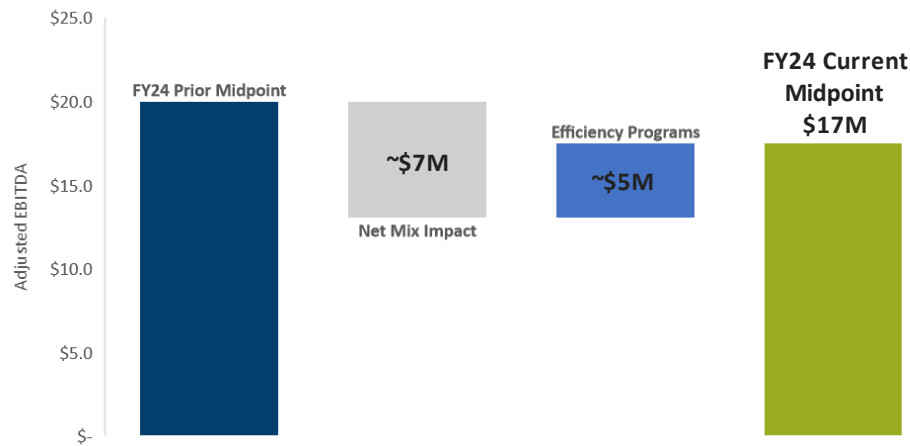
# Mix shift limits impact to full year bottom line

- Q2 & FY'24 outlook reflects lower hyperscale
- LTO media run rate at new lower-level
- Core markets perform pivot towards enterprise
- Revenue declines in low-margin businesses
- Continued gross margin improvement to ~42% full year
- Self-help operational improvements in action

## Full Year Revenue Guidance



## Full Year Adjusted EBITDA<sup>1</sup> Guide



# Second Quarter and Fiscal 2024 Guidance

- Q2'24 & FY'24 revenue is down at the midpoint due to reduced Hyperscale and Media business
- Improvement throughout the year on Revenue Mix and Improved Operational execution
- Earnings linearity weighted to 2H'24 with seasonality and positive impact of restructuring

\$ in millions (except per share amounts)	Q2'24 Guidance	2024 Guidance
Revenue	<b>\$80.0 M</b> +/- \$3M	<b>\$360M</b> +/- \$10M
Non-GAAP Gross Margin	<b>~ 42%</b>	<b>~ 42%</b>
Non-GAAP Adj EPS	<b>(\$0.04)</b> +/- \$0.02	<b>(\$0.06)</b> +/- \$0.03
Adjusted EBITDA	<b>~ \$2.0M</b>	<b>\$17.0M</b> +/- \$3.0M

Average basic share count in Q2'24 and 2024 of approximately 94.3 million and approximately 94.6 million respectively, ETR of 25% & Cash Tax of ~\$2 million, and a Capital Expenditure of 2.0% of Revenue

# Our Quantified Business Objectives

## Fiscal Year 2024



### Gross Margin

**+42%**

of total revenue

### NG Opex

**<34%**

of total revenue

### EBITDA

**~ \$17M**

approximately

## Long-term Target



### Gross Margin

**>45%**

of total revenue

### NG Opex

**<30%**

of total revenue

### EBITDA

**>15%**

of total revenue

From prior outlook: Low-Margin Hyperscale and LTO media projected declines

# Stakeholder Thesis for Quantum

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## Expanding Opportunity

**Large unstructured data  
market ripe for disruption**

- 80% of all data will be unstructured in 5 years
  - Most of that data is on systems designed 20 years ago
  - New applications, increased performance requirements and greater scalability
- 

## Innovation

**Positioned to win with  
end-to-end solutions**

- Modern solutions to store, manage, protect, archive, and analyze data at low TCO
  - Offered through software subscriptions and as-a-Service model
  - Entered fastest growing market with an enterprise software-defined all-flash storage
- 

## Value Creation

**Driving increased ROI  
and profitability**

- 40 years leading the next era of unstructured data management
  - Transforming business to higher value, software solutions
  - Clear initiatives on delivering higher margin, EBITDA and Free Cash Flow expansion
-

# Quantum<sup>®</sup>

Your difference is in your data.

# Supplemental Metrics Definitions

**Subscription Revenue** = Subscription Term Based License Revenue (both license and ratable maintenance components of subscription term-based license revenue) + Managed Services Revenue

**Recurring Revenue** = Subscription Term Based License Revenue + Managed Services Revenue + Service and Support Revenue + Royalties

**Subscription Annual Recurring Revenue (“ARR”)** = The annualized value of active **Subscription Revenue** contracts as of the end of the reporting period. **ARR = TCV / Duration (Years)**

**Total Contract Value (“TCV”)** = Total value of active **Subscription Revenue** contracts as of the end of the reporting period

# 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)	Q1 2023	Q4 2023	Q1 2024
Net loss attributable to common stockholders	(\$10,609)	(\$13,609)	(\$10,576)
Interest expense, net	\$2,091	\$3,023	\$3,417
Provision for income taxes	\$410	\$376	\$530
Depreciation expense	\$1,422	\$1,326	\$1,625
Stock-based compensation expense	\$3,069	\$2,409	\$1,901
Restructuring charges	\$725	\$344	\$1,781
Amortization of acquisition related intangible assets	\$1,164	\$1,557	\$1,140
Acquisition and debt related costs	\$293	\$302	\$953
Loss on extinguishment of Senior Secured Term Loan	\$1,392	\$0	\$0
Deemed dividend related to warrants	\$389	\$0	\$0
Service & Manufacturing inventory provision	\$0	\$5,314	\$0
<b>Adjusted EBITDA</b>	<b>\$346</b>	<b>\$1,042</b>	<b>\$771</b>

# GAAP to Non-GAAP Reconciliations

(\$ in 000s, except per share amounts)	Q1 2023	Q4 2023	Q1 2024
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Stock-based compensation expense	\$3,069	\$2,409	\$1,901
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Amortization of acquisition related intangible assets	\$1,164	\$1,557	\$1,140
Acquisition and debt related costs	\$293	\$302	\$953
Loss on extinguishment of Senior Secured Term Loan	\$1,392	\$0	\$0
Deemed dividend related to warrants	\$389	\$0	\$0
Service & Manufacturing inventory provision	\$0	\$5,314	\$0
<b>Adjusted net loss</b>	<b>(\$3,577)</b>	<b>(\$3,683)</b>	<b>(\$4,801)</b>
Adjusted net loss per share – basic and diluted	<b>(\$0.04)</b>	<b>(\$0.04)</b>	<b>(\$0.05)</b>
Weighted average shares outstanding – basic and diluted	<b>83,641</b>	<b>93,445</b>	<b>93,673</b>