

October 28, 2020



# Quantum Announces Fiscal 2021 Second Quarter Financial Results

**300 Basis Point Improvement in Gross Margin Performance, Drives Narrowing of GAAP Net Loss by \$6.1 Million Sequentially to \$4.6 Million; Company Generates \$8.9 Million in Adjusted EBITDA**

SAN JOSE, Calif., Oct. 28, 2020 /PRNewswire/ -- Quantum Corporation (NASDAQ: QMCO) today announced financial results for its fiscal second quarter ended September 30, 2020.

## Second Quarter Fiscal 2021 Financial Summary

- Revenue was \$85.8 million
- Gross margin was 45.1%
- Total operating expenses decreased \$4.1 million, or 10%, compared to the year ago quarter
- GAAP net loss of \$4.6 million, or \$(0.11) per diluted share
- Adjusted net loss of \$0.2 million, or \$(0.01) per diluted share
- Adjusted EBITDA of \$8.9 million

Jamie Lerner, Chairman and CEO, Quantum commented, "Our results in the second fiscal quarter exceeded our forecasted outlook, benefitting from the strength of our Federal government business, and solid sales execution. We are seeing a gradual and steady recovery across most of our vertical markets and key geographies, and simultaneously maintaining discipline with our expenses while increasing our investment in research and development to support the introduction of new software products. The 300 basis point sequential improvement in gross margins during the quarter, bolstered our Adjusted EBITDA to \$8.9 million, meaningfully exceeding our guidance. Our pipeline remains strong, and we continue to identify and pursue significant opportunities to help customers manage video and other forms of unstructured data across its lifecycle."

Mr. Lerner continued, "At our analyst and investor day in August, we discussed Quantum's transformation over the next few years to a more software-defined and recurring revenue driven model that will drive margin enhancement and expansion of our addressable market. On November 10, 2020 we take the first step in this regard, with the launch of next generation data management software to classify, visualize, and orchestrate data, both on premise and in the cloud, along with new ways to automate data movement in the highly anticipated release of StorNext 7. These new solutions will enable our customers to gain visibility into their data, derive new insights, and unlock more business value from this data. All of these new offerings will be available on a subscription basis, driving more predictable revenue streams and improved margins for us in the future while increasing our addressable market in the near-term."

## Second Quarter of Fiscal 2021 vs. Prior-Year Quarter

Revenue was \$85.8 million for the second quarter of fiscal 2021, down 19% compared to \$105.8 million in the year ago quarter and exceeding Quantum's guidance. Business with Federal government customers improved, partially offsetting COVID-19-related declines in the Company's other vertical markets as well as challenges related to fluctuating purchase cycles with hyperscaler customers.

Gross profit in the second quarter of fiscal 2021 was \$38.7 million, or 45.1% gross margin, compared to \$43.5 million, or 41.1% gross margin, in the year ago quarter. Gross margins improved year over year primarily due to a more favorable mix of enterprise products sold.

Total operating expenses in the second quarter of fiscal 2021 were \$35.2 million, or 41.1% of revenue, compared to \$39.3 million, or 37.2% of revenue, in the year ago quarter. Selling, general and administrative expenses declined 3% to \$23.4 million for the second quarter of fiscal 2021 compared to \$24.2 million in the year ago quarter. Research and development expenses were \$10.2 million in the second quarter of fiscal 2021, up 9% compared to \$9.4 million in the year ago quarter.

Net loss in the second quarter of fiscal 2021 was \$4.6 million, or (\$0.11) per basic and diluted share, compared to a Net loss of \$2.3 million, or (\$0.06) per basic and diluted share, in the year ago quarter.

Excluding stock compensation, restructuring charges and non-recurring charges, Adjusted Net Loss in the second quarter of fiscal 2021 was \$0.2 million, or (\$0.01) per diluted share, compared to Adjusted Net Income of \$5.1 million, or \$0.11 per diluted share, in the year ago quarter.

Adjusted EBITDA in the second quarter of fiscal 2021 decreased \$3.8 million to \$8.9 million, compared to \$12.7 million in the year-ago quarter.

For a full reconciliation of our GAAP to non-GAAP financial results and additional cautionary language about the use of non-GAAP financial measures, please see the tables below.

### **Balance Sheet and Liquidity**

- Cash, cash equivalents, and restricted cash of \$18.3 million as of September 30, 2020, compared to \$12.3 million as of March 31, 2020. Both balances include \$5.0 million in restricted cash required under the Company's Credit Agreements, and \$0.8 million of short-term restricted cash.
- Outstanding debt as of September 30, 2020 on a gross basis was \$195.2 million and on a net basis was \$172.4 million after netting \$22.8 million in unamortized debt issuance costs. This compares to \$167.8 million of outstanding debt as of March 31, 2020 on a gross basis, and on a net basis was \$154.1 million after netting \$13.7 million in unamortized debt issuance costs.
- Total interest expense was \$7.6 million for the three months ended September 30, 2020.

### **Outlook**

For the third fiscal quarter of 2021, the Company expects revenues of \$93 million plus or minus \$2 million. The Company expects Adjusted Net Loss to be \$1 million plus or minus \$1 million and related Adjusted Net loss per share of \$(0.02) plus or minus \$0.02. Adjusted

EBITDA is expected to be \$8 million plus or minus \$1 million.

### **Conference Call and Audio Webcast**

Management will host a live conference call today, October 28, 2020, at 4:30 p.m. ET (1:30 p.m. PT) to discuss these results. The conference call will be accessible by dialing 844-369-8770 (U.S. Toll-Free) or 862-298-0840 (International). The conference call will be simultaneously webcasted on the investor relations section of the Company's website at <http://investors.quantum.com> under the events and presentations tab.

A recording of the call will be available one hour after the end of the conference call until Wednesday, November 4, 2020 by dialing 877-481-4010 (U.S. Toll-Free) or 919-882-2331 (International) and providing playback passcode 38181. A replay of the webcast will be available on the Company's website for at least 90 days.

### **About Quantum**

Quantum technology and services help customers capture, create, and share digital content—and preserve and protect it for decades. With solutions built for every stage of the data lifecycle, Quantum's platforms provide the fastest performance for high-resolution video, images, and industrial IoT. That's why the world's leading entertainment companies, sports franchises, researchers, government agencies, enterprises, and cloud providers are making the world happier, safer, and smarter on Quantum. Quantum is listed on Nasdaq (QMCO) and was added to the Russell 2000® Index in 2020. For more information visit [www.quantum.com](http://www.quantum.com).

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### **Forward-Looking Statements**

This press release contains "forward-looking" statements. Quantum advises caution in reliance on forward-looking statements. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results of Quantum Corporation and its consolidated subsidiaries ("Quantum") may differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including but not limited to any projections of revenue, margins, expenses, Adjusted EBITDA, Adjusted Net Income (Loss), cash flows, or other financial items as well as the anticipated impact of the COVID-19 pandemic on Quantum's financial results; statements regarding pipeline, any projections of the amount, timing or impact of cost savings or restructuring charges and any resulting cost savings, revenue or profitability improvements; any statements concerning the expected development, performance, market share or competitive performance relating to products or services; any statements regarding expected trends in target markets and target customers, any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include the need to address the many challenges facing Quantum's businesses; the competitive pressures faced by Quantum's businesses; risks associated with executing Quantum's strategy; the distribution of Quantum's products and the delivery of Quantum's services effectively; 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 Quantum's business) and the anticipated benefits of the transformation and restructuring plans; 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 Quantum's filings with the Securities and Exchange Commission, including its Form 10-K filed with the Securities and Exchange Committee on June 24, 2020. Quantum does not intend to update or alter its forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

**QUANTUM CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands, except per share amounts, unaudited)

|                                                                                                                                                           | <b>September<br/>30, 2020</b> | <b>March 31,<br/>2020</b> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|---------------------------|
| <b>Assets</b>                                                                                                                                             |                               |                           |
| Current assets:                                                                                                                                           |                               |                           |
| Cash and cash equivalents                                                                                                                                 | \$ 12,517                     | \$ 6,440                  |
| Restricted cash                                                                                                                                           | 792                           | 830                       |
| Accounts receivable, net of allowance for doubtful accounts of \$1,399 and \$1,247 as of September 30, 2020 and March 31, 2020, respectively              | 62,712                        | 70,370                    |
| Manufacturing inventories                                                                                                                                 | 35,882                        | 29,196                    |
| Service parts inventories                                                                                                                                 | 23,211                        | 20,502                    |
| Other current assets                                                                                                                                      | 8,330                         | 8,489                     |
| Total current assets                                                                                                                                      | 143,444                       | 135,827                   |
| Property and equipment, net                                                                                                                               | 9,655                         | 9,046                     |
| Restricted cash                                                                                                                                           | 5,000                         | 5,000                     |
| Right-of-use assets, net                                                                                                                                  | 10,597                        | 12,689                    |
| Other long-term assets                                                                                                                                    | 4,585                         | 3,433                     |
| Total assets                                                                                                                                              | <u>\$ 173,281</u>             | <u>\$ 165,995</u>         |
| <b>Liabilities and Stockholders' Deficit</b>                                                                                                              |                               |                           |
| Current liabilities:                                                                                                                                      |                               |                           |
| Accounts payable                                                                                                                                          | \$ 37,834                     | \$ 36,949                 |
| Deferred revenue                                                                                                                                          | 73,101                        | 81,492                    |
| Long-term debt, current portion                                                                                                                           | 1,388                         | 7,321                     |
| Accrued compensation                                                                                                                                      | 17,878                        | 14,957                    |
| Other accrued liabilities                                                                                                                                 | 14,750                        | 17,535                    |
| Total current liabilities                                                                                                                                 | 144,951                       | 158,254                   |
| Deferred revenue                                                                                                                                          | 33,249                        | 37,443                    |
| Long-term debt, net of current portion                                                                                                                    | 171,010                       | 146,847                   |
| Operating lease liabilities                                                                                                                               | 9,114                         | 10,822                    |
| Other long-term liabilities                                                                                                                               | 11,197                        | 11,154                    |
| Total liabilities                                                                                                                                         | 369,521                       | 364,520                   |
| <b>Stockholders' deficit</b>                                                                                                                              |                               |                           |
| Preferred stock, 20,000 shares authorized; no shares issued as of September 30, 2020 and March 31, 2020, respectively                                     | —                             | —                         |
| Common stock, \$0.01 par value; 125,000 shares authorized; 40,740 shares issued and outstanding as of September 30, 2020 and March 31, 2020, respectively | 408                           | 399                       |
| Additional paid-in capital                                                                                                                                | 522,357                       | 505,762                   |
| Accumulated deficit                                                                                                                                       | (718,492)                     | (703,164)                 |
| Accumulated other comprehensive loss                                                                                                                      | (513)                         | (1,522)                   |
| Total stockholders' deficit                                                                                                                               | (196,240)                     | (198,525)                 |
| Total liabilities and stockholders' deficit                                                                                                               | <u>\$ 173,281</u>             | <u>\$ 165,995</u>         |

**QUANTUM CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
(in thousands, except per share amounts, unaudited)

|                                               | <b>Three Months Ended September 30,</b> |                   | <b>Six Months Ended September 30,</b> |                   |
|-----------------------------------------------|-----------------------------------------|-------------------|---------------------------------------|-------------------|
|                                               | <b>2020</b>                             | <b>2019</b>       | <b>2020</b>                           | <b>2019</b>       |
| Revenue:                                      |                                         |                   |                                       |                   |
| Product                                       | \$ 50,850                               | \$ 68,130         | \$ 90,537                             | \$ 133,926        |
| Service                                       | 31,494                                  | 32,401            | 61,880                                | 65,781            |
| Royalty                                       | 3,477                                   | 5,258             | 6,709                                 | 11,712            |
| Total revenue                                 | <u>85,821</u>                           | <u>105,789</u>    | <u>159,126</u>                        | <u>211,419</u>    |
| Cost of revenue:                              |                                         |                   |                                       |                   |
| Product                                       | 34,998                                  | 49,467            | 65,380                                | 96,666            |
| Service                                       | 12,089                                  | 12,799            | 24,160                                | 25,404            |
| Total cost of revenue                         | <u>47,087</u>                           | <u>62,266</u>     | <u>89,540</u>                         | <u>122,070</u>    |
| Gross profit                                  | <u>38,734</u>                           | <u>43,523</u>     | <u>69,586</u>                         | <u>89,349</u>     |
| Operating expenses:                           |                                         |                   |                                       |                   |
| Research and development                      | 10,233                                  | 9,350             | 24,723                                | 17,733            |
| Sales and marketing                           | 13,153                                  | 14,824            | 21,825                                | 30,680            |
| General and administrative                    | 10,263                                  | 14,329            | 20,395                                | 32,905            |
| Restructuring charges                         | 1,585                                   | 821               | 2,637                                 | 1,084             |
| Total operating expenses                      | <u>35,234</u>                           | <u>39,324</u>     | <u>69,580</u>                         | <u>82,402</u>     |
| Income from operations                        | 3,500                                   | 4,199             | 6                                     | 6,947             |
| Other income (expense), net                   | (312)                                   | 76                | (697)                                 | 165               |
| Interest expense                              | (7,578)                                 | (6,347)           | (14,015)                              | (12,653)          |
| Net loss before income taxes                  | (4,390)                                 | (2,072)           | (14,706)                              | (5,541)           |
| Income tax provision                          | 202                                     | 243               | 622                                   | 581               |
| Net loss                                      | <u>\$ (4,592)</u>                       | <u>\$ (2,315)</u> | <u>\$ (15,328)</u>                    | <u>\$ (6,122)</u> |
| Net loss per share - basic and diluted        | \$ (0.11)                               | \$ (0.06)         | \$ (0.38)                             | \$ (0.17)         |
| Weighted average shares - basic and diluted   | 40,286                                  | 36,297            | 40,097                                | 36,172            |
| Net loss                                      | \$ (4,592)                              | \$ (2,315)        | \$ (15,328)                           | \$ (6,122)        |
| Foreign currency translation adjustments, net | 722                                     | (474)             | 1,009                                 | (390)             |
| Total comprehensive loss                      | <u>\$ (3,870)</u>                       | <u>\$ (2,789)</u> | <u>\$ (14,319)</u>                    | <u>\$ (6,512)</u> |

**QUANTUM CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands, unaudited)

|                                                                                          | <b>Six Months Ended September 30,</b> |             |
|------------------------------------------------------------------------------------------|---------------------------------------|-------------|
|                                                                                          | <b>2020</b>                           | <b>2019</b> |
| <b>Operating activities</b>                                                              |                                       |             |
| Net loss                                                                                 | \$ (15,328)                           | \$ (6,122)  |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities |                                       |             |
| Depreciation and amortization                                                            | 2,580                                 | 2,034       |
| Amortization of debt issuance costs                                                      | 3,015                                 | 2,008       |
| Long-term debt related costs                                                             | 167                                   | —           |
| Provision for product and service inventories                                            | 3,588                                 | 3,442       |
| Stock-based compensation                                                                 | 4,549                                 | 3,352       |
| Bad debt expense                                                                         | 90                                    | 199         |
| Deferred income taxes                                                                    | (15)                                  | —           |
| Unrealized foreign exchange (gain) loss                                                  | 1,193                                 | (99)        |
| Changes in assets and liabilities:                                                       |                                       |             |
| Accounts receivable, net                                                                 | 7,568                                 | 15,239      |
| Manufacturing inventories                                                                | (8,858)                               | (5,799)     |
| Service parts inventories                                                                | (4,333)                               | (1,180)     |
| Accounts payable                                                                         | 1,601                                 | 1,478       |
| Accrued restructuring charges                                                            | 240                                   | (2,576)     |
| Accrued compensation                                                                     | 2,922                                 | (2,111)     |
| Deferred revenue                                                                         | (12,584)                              | (15,582)    |
| Other assets and liabilities                                                             | (5,694)                               | (3,939)     |
| Net cash used in operating activities                                                    | (19,299)                              | (9,656)     |
| <b>Investing activities</b>                                                              |                                       |             |
| Purchases of property and equipment                                                      | (1,434)                               | (1,315)     |
| Net cash used in investing activities                                                    | (1,434)                               | (1,315)     |
| <b>Financing activities</b>                                                              |                                       |             |
| Borrowings of long-term debt, net of debt issuance costs                                 | 19,400                                | —           |
| Repayments of long-term debt                                                             | —                                     | (825)       |
| Borrowings of credit facility                                                            | 140,987                               | 172,119     |
| Repayments of credit facility                                                            | (144,058)                             | (165,143)   |
| Borrowings of payment protection program                                                 | 10,000                                | —           |
| Payment of taxes due upon vesting of restricted stock                                    | —                                     | (171)       |
| Proceeds from issuance of common stock                                                   | 539                                   | —           |
| Net cash provided by financing activities                                                | 26,868                                | 5,980       |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash            | (96)                                  | 72          |
| Net change in cash, cash equivalents and restricted cash                                 | 6,039                                 | (4,919)     |
| Cash, cash equivalents, and restricted cash at beginning of period                       | 12,270                                | 16,855      |
| Cash, cash equivalents, and restricted cash at end of period                             | \$ 18,309                             | \$ 11,936   |

## NON-U.S. GAAP FINANCIAL MEASURES

To provide investors with additional information regarding our financial results, we have presented Adjusted EBITDA and Adjusted Net Income (Loss), non-U.S. GAAP financial measures defined below.

Adjusted EBITDA is a non-U.S. GAAP financial measure defined by us as net loss before interest expense, net, provision for income taxes, depreciation and amortization expense, stock-based compensation expense, restructuring charges, long-term debt related costs, costs related to the financial restatement and related activities described in the Explanatory Paragraph and Note 2: – Restatement in our Annual Report on Form 10-K for the year ended March 31, 2019, and other non-recurring expenses.

Adjusted Net Income (Loss) is a non-U.S. GAAP financial measure defined by us as net loss before restructuring charges, stock-based compensation expense, long-term debt related costs, costs related to the financial restatement and related activities described in the

Explanatory Paragraph and Note 2: – Restatement in the Annual Report on Form 10-K for the year ended March 31, 2019 and other non-recurring (income) expenses. The Company calculates Adjusted Net Income (Loss) per Basic and Diluted share using the Company's above-referenced definition of Adjusted Net Income (Loss).

The Company considers non-recurring expenses to be expenses that have not been incurred within the prior two years and are not expected to recur within the next two years. Such expenses include certain strategic and financial restructuring expenses.

We have provided below a reconciliation of Adjusted EBITDA and Adjusted Net Income (Loss) to Net Income (Loss), the most directly comparable U.S. GAAP financial measure. We have presented Adjusted EBITDA because it is a key measure used by our management and the board of directors to understand and evaluate our core operating performance and trends, to prepare and approve our annual budget and to develop short and long-term operating plans. In particular, we believe that the exclusion of the amounts eliminated in calculating Adjusted EBITDA can provide a useful measure for period-to-period comparisons of our core business performance. We believe Adjusted Net Income (Loss) and Adjusted Net Income (Loss) per Basic and Diluted Share serve as appropriate measures to be used in evaluating the performance of our business and help our investors better compare our operating performance over multiple periods. Accordingly, we believe that Adjusted EBITDA and Adjusted Net Income (Loss) provide useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and our board of directors.

Our use of Adjusted EBITDA and Adjusted Net Income (Loss) have limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our financial results as reported under U.S. GAAP. Some of these limitations are as follows:

- Although depreciation and amortization expense are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA does not reflect: (1) interest and tax payments that may represent a reduction in cash available to us; (2) capital expenditures, future requirements for capital expenditures or contractual commitments; (3) changes in, or cash requirements for, working capital needs; (4) the potentially dilutive impact of stock-based compensation expense; (5) potential future costs related to our long-term debt; (6) potential future restructuring expenses; or (6) potential future costs related to our financial statement restatement and other related activities;
- Adjusted Net Income (Loss) does not reflect: (1) potential future restructuring activities; (2) the potentially dilutive impact of stock-based compensation expense; (3) potential future costs related to our long-term debt; or (4) potential future costs related to our financial statement restatement and other related activities; and
- Other companies, including companies in our industry, may calculate Adjusted EBITDA, Adjusted Net Income (Loss) or similarly titled measures differently, which reduces its usefulness as a comparative measure.

Because of these and other limitations, you should consider Adjusted EBITDA and Adjusted Net Income (Loss) along with other U.S. GAAP-based financial performance measures, including various cash flow metrics and our U.S. GAAP financial results.

The following is a reconciliation of Adjusted EBITDA to the most comparable U.S. GAAP financial measure, Net Income (Loss) (in thousands):

|                                                              | Three Months Ended    |                       | Six Months Ended      |                       |
|--------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                              | September 30,<br>2020 | September 30,<br>2019 | September 30,<br>2020 | September 30,<br>2019 |
| Net loss                                                     | \$ (4,592)            | \$ (2,315)            | \$ (15,328)           | \$ (6,122)            |
| Interest expense, net                                        | 7,578                 | 6,347                 | 14,015                | 12,653                |
| Provision for income taxes                                   | 202                   | 243                   | 622                   | 581                   |
| Depreciation and amortization expense                        | 1,295                 | 1,013                 | 2,580                 | 2,034                 |
| Stock-based compensation expense                             | 2,591                 | 2,365                 | 4,549                 | 3,352                 |
| Long-term debt related costs                                 | 203                   | —                     | 1,169                 | —                     |
| Restructuring charges                                        | 1,585                 | 821                   | 2,637                 | 1,084                 |
| Cost related to financial restatement and related activities | —                     | 4,188                 | —                     | 12,179                |
| Adjusted EBITDA                                              | \$ 8,862              | \$ 12,662             | \$ 10,244             | \$ 25,761             |

The following is a reconciliation of Adjusted Net Income (Loss) to the most comparable U.S. GAAP financial measure, Net Loss (in thousands):

|                                                              | Three Months Ended    |                       | Six Months Ended      |                       |
|--------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                              | September 30,<br>2020 | September 30,<br>2019 | September 30,<br>2020 | September 30,<br>2019 |
| Net loss                                                     | \$ (4,592)            | \$ (2,315)            | \$ (15,328)           | \$ (6,122)            |
| Restructuring charges                                        | 1,585                 | 821                   | 2,637                 | 1,084                 |
| Stock-based compensation                                     | 2,591                 | 2,365                 | 4,549                 | 3,352                 |
| Long-term debt related costs                                 | 203                   | —                     | 1,169                 | —                     |
| Cost related to financial restatement and related activities | —                     | 4,188                 | —                     | 12,179                |
| Adjusted net income (loss)                                   | \$ (213)              | \$ 5,059              | \$ (6,973)            | \$ 10,493             |
| Adjusted net income (loss) per share:                        |                       |                       |                       |                       |
| Basic                                                        | \$ (0.01)             | \$ 0.14               | \$ (0.17)             | \$ 0.29               |
| Diluted                                                      | \$ (0.01)             | \$ 0.11               | \$ (0.17)             | \$ 0.24               |
| Weighted average shares outstanding:                         |                       |                       |                       |                       |
| Basic                                                        | 40,286                | 36,297                | 40,097                | 36,172                |
| Diluted                                                      | 40,286                | 44,923                | 40,097                | 43,032                |

|                                                                        |                                                  |
|------------------------------------------------------------------------|--------------------------------------------------|
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