

QUMU CORPORATION
Condensed Consolidated Statements of Operations
(unaudited - in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenues:				
Software licenses and appliances	\$ 2,867	\$ 929	\$ 3,318	\$ 2,149
Service	4,759	5,725	9,139	11,216
Total revenues	7,626	6,654	12,457	13,365
Cost of revenues:				
Software licenses and appliances	804	368	1,139	862
Service	1,602	1,918	3,379	4,008
Total cost of revenues	2,406	2,286	4,518	4,870
Gross profit	5,220	4,368	7,939	8,495
Operating expenses:				
Research and development	1,639	1,798	3,542	3,907
Sales and marketing	2,412	2,524	4,592	4,975
General and administrative	1,747	2,009	3,928	4,469
Amortization of purchased intangibles	227	226	456	449
Total operating expenses	6,025	6,557	12,518	13,800
Operating loss	(805)	(2,189)	(4,579)	(5,305)
Other income (expense):				
Interest expense, net	(510)	(334)	(1,354)	(651)
Decrease (increase) in value of warrant liability	(278)	11	109	(67)
Other, net	(16)	(124)	(403)	(179)
Total other expense, net	(804)	(447)	(1,648)	(897)
Loss before income taxes	(1,609)	(2,636)	(6,227)	(6,202)
Income tax benefit	(78)	(25)	(166)	(29)
Net loss	\$ (1,531)	\$ (2,611)	\$ (6,061)	\$ (6,173)
Net loss per share – basic:				
Net loss per share	\$ (0.16)	\$ (0.28)	\$ (0.64)	\$ (0.66)
Weighted average shares outstanding	9,484	9,356	9,427	9,301
Net loss per share – diluted:				
Net loss per share	\$ (0.16)	\$ (0.28)	\$ (0.64)	\$ (0.66)
Weighted average shares outstanding	9,484	9,357	9,427	9,301

QUMU CORPORATION
Condensed Consolidated Balance Sheets
(unaudited - in thousands)

Assets	June 30, 2018	December 31, 2017
Current assets:		
Cash and cash equivalents	\$ 5,202	\$ 7,690
Receivables, net	4,954	5,529
Contract assets	339	—
Income taxes receivable	277	156
Prepaid expenses and other current assets	1,934	1,830
Total current assets	<u>12,706</u>	<u>15,205</u>
Property and equipment, net	533	911
Intangible assets, net	5,202	6,295
Goodwill	7,224	7,390
Deferred income taxes, non-current	69	77
Other assets, non-current	4,200	4,398
Total assets	<u>\$ 29,934</u>	<u>\$ 34,276</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 2,961	\$ 3,878
Accrued compensation	1,216	1,824
Deferred revenue	8,514	8,923
Deferred rent	49	181
Financing obligations	226	1,047
Warrant liability	2,886	819
Total current liabilities	<u>15,852</u>	<u>16,672</u>
Long-term liabilities:		
Deferred revenue, non-current	947	141
Income taxes payable, non-current	—	3
Deferred tax liability, non-current	76	153
Deferred rent, non-current	298	507
Term loan and other financing obligations, non-current	7,956	7,608
Other liabilities, non-current	485	—
Total long-term liabilities	<u>9,762</u>	<u>8,412</u>
Total liabilities	<u>25,614</u>	<u>25,084</u>
Stockholders' equity:		
Common stock	95	94
Additional paid-in capital	68,435	68,035
Accumulated deficit	(61,319)	(56,197)
Accumulated other comprehensive loss	(2,891)	(2,740)
Total stockholders' equity	<u>4,320</u>	<u>9,192</u>
Total liabilities and stockholders' equity	<u>\$ 29,934</u>	<u>\$ 34,276</u>

QUMU CORPORATION
Condensed Consolidated Statements of Cash Flows
(unaudited - in thousands)

	Six Months Ended June 30,	
	2018	2017
Operating activities:		
Net loss	\$ (6,061)	\$ (6,173)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,347	1,548
Stock-based compensation	438	783
Accretion of debt discount and issuance costs	1,035	236
Loss on lease contract termination	177	—
Change in value of warrant liability	(109)	67
Deferred income taxes	(72)	(71)
Changes in operating assets and liabilities:		
Receivables	588	2,425
Contract assets	211	—
Income taxes receivable / payable	(130)	135
Prepaid expenses and other assets	197	710
Accounts payable and other accrued liabilities	(1,019)	315
Accrued compensation	(604)	(522)
Deferred revenue	938	(368)
Deferred rent	(144)	(150)
Other non-current liabilities	436	—
Net cash used in operating activities	<u>(2,772)</u>	<u>(1,065)</u>
Investing activities:		
Purchases of property and equipment	(73)	(20)
Net cash used in investing activities	<u>(73)</u>	<u>(20)</u>
Financing activities:		
Proceeds from term loan and warrant issuance	10,000	—
Principal payment on term loan	(8,000)	—
Payments for term loan issuance costs	(1,308)	(125)
Principal payments on financing obligations	(247)	(255)
Common stock repurchases to settle employee withholding liability	(27)	(11)
Net cash provided by (used in) financing activities	<u>418</u>	<u>(391)</u>
Effect of exchange rate changes on cash	(61)	94
Net decrease in cash and cash equivalents	(2,488)	(1,382)
Cash and cash equivalents, beginning of period	7,690	10,364
Cash and cash equivalents, end of period	<u>\$ 5,202</u>	<u>\$ 8,982</u>

QUMU CORPORATION
Supplemental Financial Information
(unaudited - in thousands)

A summary of revenue is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Software licenses and appliances	\$ 2,867	\$ 929	\$ 3,318	\$ 2,149
Service				
Subscription, maintenance and support	4,122	5,110	8,160	9,948
Professional services and other	637	615	979	1,268
Total service	4,759	5,725	9,139	11,216
Total revenue	\$ 7,626	\$ 6,654	\$ 12,457	\$ 13,365

A reconciliation from GAAP results to adjusted EBITDA is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net loss	\$ (1,531)	\$ (2,611)	\$ (6,061)	\$ (6,173)
Interest expense, net	510	334	1,354	651
Income tax benefit	(78)	(25)	(166)	(29)
Depreciation and amortization expense:				
Depreciation and amortization in cost of revenues	2	9	5	19
Depreciation and amortization in operating expenses	126	241	295	489
Total depreciation and amortization expense	128	250	300	508
Amortization of intangibles included in cost of revenues	293	298	591	591
Amortization of intangibles included in operating expenses	227	226	456	449
Total amortization of intangibles expense	520	524	1,047	1,040
Total depreciation and amortization expense	648	774	1,347	1,548
EBITDA	(451)	(1,528)	(3,526)	(4,003)
Increase (decrease) in fair value of warrant liability	278	(11)	(109)	67
Other expense, net	16	124	403	179
Stock-based compensation expense:				
Stock-based compensation included in cost of revenues	8	18	18	32
Stock-based compensation included in operating expenses	220	352	420	751
Total stock-based compensation expense	228	370	438	783
Adjusted EBITDA	\$ 71	\$ (1,045)	\$ (2,794)	\$ (2,974)