

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

	Three Months Ended March 31,	
	2018	2017
Revenues:		
Software licenses and appliances	\$ 451	\$ 1,220
Service	4,380	5,491
Total revenues	<u>4,831</u>	<u>6,711</u>
Cost of revenues:		
Software licenses and appliances	335	494
Service	1,777	2,090
Total cost of revenues	<u>2,112</u>	<u>2,584</u>
Gross profit	<u>2,719</u>	<u>4,127</u>
Operating expenses:		
Research and development	1,903	2,109
Sales and marketing	2,180	2,451
General and administrative	2,181	2,460
Amortization of purchased intangibles	229	223
Total operating expenses	<u>6,493</u>	<u>7,243</u>
Operating loss	<u>(3,774)</u>	<u>(3,116)</u>
Other income (expense):		
Interest expense, net	(844)	(317)
Change in value of warrant liability	387	(78)
Other, net	(387)	(55)
Total other expense, net	<u>(844)</u>	<u>(450)</u>
Loss before income taxes	<u>(4,618)</u>	<u>(3,566)</u>
Income tax benefit	<u>(88)</u>	<u>(4)</u>
Net loss	<u>\$ (4,530)</u>	<u>\$ (3,562)</u>
Net loss per share – basic and diluted:		
Net loss per share	\$ (0.48)	\$ (0.39)
Weighted average shares outstanding	9,370	9,245

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

Assets	March 31, 2018	December 31, 2017
Current assets:		
Cash and cash equivalents	\$ 6,558	\$ 7,690
Receivables, net	4,509	5,529
Income taxes receivable	218	156
Prepaid expenses and other current assets	2,186	1,830
Total current assets	13,471	15,205
Property and equipment, net	743	911
Intangible assets, net	5,877	6,295
Goodwill	7,681	7,390
Deferred income taxes, non-current	74	77
Other assets, non-current	4,258	4,398
Total assets	\$ 32,104	\$ 34,276
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 3,170	\$ 3,878
Accrued compensation	1,834	1,824
Deferred revenue	9,128	8,923
Deferred rent	136	181
Financing obligations	152	1,047
Warrant liability	2,608	819
Total current liabilities	17,028	16,672
Long-term liabilities:		
Deferred revenue, non-current	165	141
Income taxes payable, non-current	—	3
Deferred tax liability, non-current	120	153
Deferred rent, non-current	476	507
Term loan and other financing obligations, non-current	7,667	7,608
Other liabilities, non-current	238	—
Total long-term liabilities	8,666	8,412
Total liabilities	25,694	25,084
Stockholders' equity:		
Common stock	94	94
Additional paid-in capital	68,226	68,035
Accumulated deficit	(59,788)	(56,197)
Accumulated other comprehensive loss	(2,122)	(2,740)
Total stockholders' equity	6,410	9,192
Total liabilities and stockholders' equity	\$ 32,104	\$ 34,276

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

	Three Months Ended March 31,	
	2018	2017
Operating activities:		
Net loss	\$ (4,530)	\$ (3,562)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	699	774
Stock-based compensation	210	413
Accretion of debt discount and issuance costs	746	111
Change in value of warrant liability	(387)	78
Deferred income taxes	(37)	(33)
Changes in operating assets and liabilities:		
Receivables	1,659	2,896
Income taxes receivable / payable	(62)	148
Prepaid expenses and other assets	(317)	(23)
Accounts payable and other accrued liabilities	(444)	(367)
Accrued compensation	—	(245)
Deferred revenue	603	178
Deferred rent	(75)	(75)
Other non-current liabilities	186	—
Net cash provided by (used in) operating activities	<u>(1,749)</u>	<u>293</u>
Investing activities:		
Purchases of property and equipment	(2)	(14)
Net cash used in investing activities	<u>(2)</u>	<u>(14)</u>
Financing activities:		
Proceeds from term loan and warrant issuance	10,000	—
Principal payment on term loan	(8,000)	—
Payments for term loan and warrant issuance costs	(1,308)	(125)
Principal payments on financing obligations	(99)	(125)
Common stock repurchases to settle employee withholding liability	(19)	—
Net cash provided by (used in) financing activities	<u>574</u>	<u>(250)</u>
Effect of exchange rate changes on cash	45	18
Net increase (decrease) in cash and cash equivalents	<u>(1,132)</u>	<u>47</u>
Cash and cash equivalents, beginning of period	7,690	10,364
Cash and cash equivalents, end of period	<u>\$ 6,558</u>	<u>\$ 10,411</u>

QUMU CORPORATION
Supplemental Financial Information
(unaudited - in thousands)

A summary of revenue is as follows:

	Three Months Ended March 31,	
	2018	2017
Software licenses and appliances	\$ 451	\$ 1,220
Service		
Subscription, maintenance and support	4,038	4,838
Professional services and other	342	653
Total service	<u>4,380</u>	<u>5,491</u>
Total revenue	<u>\$ 4,831</u>	<u>\$ 6,711</u>

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

	Three Months Ended March 31,	
	2018	2017
Net loss	\$ (4,530)	\$ (3,562)
Interest expense, net	844	317
Income tax benefit	(88)	(4)
Depreciation and amortization expense:		
Depreciation and amortization in cost of revenues	3	10
Depreciation and amortization in operating expenses	169	248
Total depreciation and amortization expense	<u>172</u>	<u>258</u>
Amortization of intangibles included in cost of revenues	298	293
Amortization of intangibles included in operating expenses	229	223
Total amortization of intangibles expense	<u>527</u>	<u>516</u>
Total depreciation and amortization expense	<u>699</u>	<u>774</u>
EBITDA	(3,075)	(2,475)
Change in fair value of warrant liability	(387)	78
Other expense, net	387	55
Stock-based compensation expense:		
Stock-based compensation included in cost of revenues	10	14
Stock-based compensation included in operating expenses	200	399
Total stock-based compensation expense	<u>210</u>	<u>413</u>
Adjusted EBITDA	<u>\$ (2,865)</u>	<u>\$ (1,929)</u>