

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

	Three Months Ended March 31,	
	2019	2018
Revenues:		
Software licenses and appliances	\$ 1,005	\$ 451
Service	6,093	4,380
Total revenues	<u>7,098</u>	<u>4,831</u>
Cost of revenues:		
Software licenses and appliances	311	335
Service	1,226	1,777
Total cost of revenues	<u>1,537</u>	<u>2,112</u>
Gross profit	<u>5,561</u>	<u>2,719</u>
Operating expenses:		
Research and development	1,674	1,903
Sales and marketing	2,352	2,180
General and administrative	1,746	2,181
Amortization of purchased intangibles	218	229
Total operating expenses	<u>5,990</u>	<u>6,493</u>
Operating loss	<u>(429)</u>	<u>(3,774)</u>
Other income (expense):		
Interest expense, net	(205)	(844)
Decrease (increase) in value of warrant liability	(289)	387
Other, net	(31)	(387)
Total other expense, net	<u>(525)</u>	<u>(844)</u>
Loss before income taxes	<u>(954)</u>	<u>(4,618)</u>
Income tax benefit	<u>(4)</u>	<u>(88)</u>
Net loss	<u>\$ (950)</u>	<u>\$ (4,530)</u>
Net loss per share – basic and diluted:		
Net income loss per share	\$ (0.10)	\$ (0.48)
Weighted average shares outstanding	9,688	9,370

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

Assets	March 31, 2019	December 31, 2018
Current assets:		
Cash and cash equivalents	\$ 8,571	\$ 8,636
Receivables, net	4,380	6,278
Contract assets	1,661	485
Income taxes receivable	339	327
Prepaid expenses and other current assets	2,140	2,192
Total current assets	17,091	17,918
Property and equipment, net	680	545
Right of use assets – operating leases	1,128	—
Intangible assets, net	3,956	4,247
Goodwill	7,134	6,971
Deferred income taxes, non-current	53	55
Other assets, non-current	476	544
Total assets	\$ 30,518	\$ 30,280
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 2,640	\$ 2,838
Accrued compensation	1,150	1,548
Deferred revenue	9,558	9,672
Operating lease liabilities	549	—
Deferred rent	—	45
Term loan and other financing obligations	3,690	152
Warrant liability	3,087	2,798
Total current liabilities	20,674	17,053
Long-term liabilities:		
Deferred revenue, non-current	1,425	1,672
Income taxes payable, non-current	568	563
Deferred tax liability, non-current	—	2
Operating lease liabilities, non-current	1,021	—
Deferred rent, non-current	—	302
Term loan and other financing obligations, non-current	146	3,488
Other liabilities, non-current	—	195
Total long-term liabilities	3,160	6,222
Total liabilities	23,834	23,275
Stockholders' equity:		
Common stock	98	96
Additional paid-in capital	69,266	69,072
Accumulated deficit	(59,635)	(58,875)
Accumulated other comprehensive loss	(3,045)	(3,288)
Total stockholders' equity	6,684	7,005
Total liabilities and stockholders' equity	\$ 30,518	\$ 30,280

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

	Three Months Ended March 31,	
	2019	2018
Operating activities:		
Net loss	\$ (950)	\$ (4,530)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	408	699
Stock-based compensation	231	210
Accretion of debt discount and issuance costs	128	746
Gain on lease modification	(21)	—
Decrease in value of warrant liability	289	(387)
Deferred income taxes	—	(37)
Changes in operating assets and liabilities:		
Receivables	1,914	1,645
Contract assets	(1,176)	14
Income taxes receivable / payable	(3)	(62)
Prepaid expenses and other assets	125	(317)
Accounts payable and other accrued liabilities	(75)	(444)
Accrued compensation	(405)	—
Deferred revenue	(424)	603
Deferred rent	—	(75)
Other non-current liabilities	(24)	186
Net cash provided by (used in) operating activities	<u>17</u>	<u>(1,749)</u>
Investing activities:		
Purchases of property and equipment	(14)	(2)
Net cash used in investing activities	<u>(14)</u>	<u>(2)</u>
Financing activities:		
Proceeds from term loan and warrant issuance	—	10,000
Principal payments on term loans	—	(8,000)
Payments for term loan issuance costs	—	(1,308)
Principal payments on financing obligations	(80)	(99)
Common stock repurchases to settle employee withholding liability	(36)	(19)
Net cash provided by (used in) financing activities	<u>(116)</u>	<u>574</u>
Effect of exchange rate changes on cash	48	45
Net decrease in cash and cash equivalents	(65)	(1,132)
Cash and cash equivalents, beginning of period	8,636	7,690
Cash and cash equivalents, end of period	<u>\$ 8,571</u>	<u>\$ 6,558</u>

QUMU CORPORATION
Supplemental Financial Information
(unaudited - in thousands)

A summary of revenue is as follows:

	Three Months Ended March 31,	
	2019	2018
Software licenses and appliances	\$ 1,005	\$ 451
Service		
Subscription, maintenance and support	5,563	4,038
Professional services and other	530	342
Total service	<u>6,093</u>	<u>4,380</u>
Total revenue	<u>\$ 7,098</u>	<u>\$ 4,831</u>

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

	Three Months Ended March 31,	
	2019	2018
Net loss	\$ (950)	\$ (4,530)
Interest expense, net	205	844
Income tax benefit	(4)	(88)
Depreciation and amortization expense:		
Depreciation and amortization in cost of revenues	—	3
Depreciation and amortization in operating expenses	73	169
Total depreciation and amortization expense	<u>73</u>	<u>172</u>
Amortization of intangibles included in cost of revenues	117	298
Amortization of intangibles included in operating expenses	218	229
Total amortization of intangibles expense	<u>335</u>	<u>527</u>
Total depreciation and amortization expense	<u>408</u>	<u>699</u>
EBITDA	(341)	(3,075)
Increase (decrease) in fair value of warrant liability	289	(387)
Other expense, net	31	387
Stock-based compensation expense:		
Stock-based compensation included in cost of revenues	8	10
Stock-based compensation included in operating expenses	223	200
Total stock-based compensation expense	<u>231</u>	<u>210</u>
Adjusted EBITDA	<u>\$ 210</u>	<u>\$ (2,865)</u>