

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenues:				
Software licenses and appliances	\$ 689	\$ 2,867	\$ 1,694	\$ 3,318
Service	4,676	4,759	10,769	9,139
Total revenues	5,365	7,626	12,463	12,457
Cost of revenues:				
Software licenses and appliances	336	804	647	1,139
Service	1,227	1,602	2,453	3,379
Total cost of revenues	1,563	2,406	3,100	4,518
Gross profit	3,802	5,220	9,363	7,939
Operating expenses:				
Research and development	1,838	1,639	3,512	3,542
Sales and marketing	2,212	2,412	4,564	4,592
General and administrative	1,579	1,747	3,325	3,928
Amortization of purchased intangibles	201	227	419	456
Total operating expenses	5,830	6,025	11,820	12,518
Operating loss	(2,028)	(805)	(2,457)	(4,579)
Other income (expense):				
Interest expense, net	(214)	(510)	(419)	(1,354)
Decrease (increase) in value of warrant liability	(1,436)	(278)	(1,725)	109
Other, net	66	(16)	35	(403)
Total other expense, net	(1,584)	(804)	(2,109)	(1,648)
Loss before income taxes	(3,612)	(1,609)	(4,566)	(6,227)
Income tax benefit	(11)	(78)	(15)	(166)
Net loss	\$ (3,601)	\$ (1,531)	\$ (4,551)	\$ (6,061)
Net loss per share – basic and diluted:				
Net loss per share	\$ (0.37)	\$ (0.16)	\$ (0.47)	\$ (0.64)
Weighted average shares outstanding	9,861	9,484	9,775	9,427

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

Assets	June 30, 2019	December 31, 2018
Current assets:		
Cash and cash equivalents	\$ 7,349	\$ 8,636
Receivables, net	2,969	6,278
Contract assets	1,495	485
Income taxes receivable	352	327
Prepaid expenses and other current assets	1,909	2,192
Total current assets	14,074	17,918
Property and equipment, net	623	545
Right of use assets – operating leases	1,060	—
Intangible assets, net	3,599	4,247
Goodwill	6,949	6,971
Deferred income taxes, non-current	46	55
Other assets, non-current	442	544
Total assets	\$ 26,793	\$ 30,280
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 2,375	\$ 2,838
Accrued compensation	842	1,548
Deferred revenue	8,592	9,672
Operating lease liabilities	435	—
Deferred rent	—	45
Financing obligations	277	152
Term loan	3,693	—
Warrant liability	4,523	2,798
Total current liabilities	20,737	17,053
Long-term liabilities:		
Deferred revenue, non-current	1,295	1,672
Income taxes payable, non-current	574	563
Deferred tax liability, non-current	—	2
Operating lease liabilities, non-current	1,038	—
Deferred rent, non-current	—	302
Financing obligations, non-current	125	57
Term loan, non-current	—	3,431
Other liabilities, non-current	—	195
Total long-term liabilities	3,032	6,222
Total liabilities	23,769	23,275
Stockholders' equity:		
Common stock	99	96
Additional paid-in capital	69,484	69,072
Accumulated deficit	(63,236)	(58,875)
Accumulated other comprehensive loss	(3,323)	(3,288)
Total stockholders' equity	3,024	7,005
Total liabilities and stockholders' equity	\$ 26,793	\$ 30,280

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

	Six Months Ended June 30,	
	2019	2018
Operating activities:		
Net loss	\$ (4,551)	\$ (6,061)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	809	1,347
Stock-based compensation	425	438
Accretion of debt discount and issuance costs	263	1,035
Gain on lease modification	(21)	—
Loss on lease contract termination	—	177
Decrease in value of warrant liability	1,725	(109)
Deferred income taxes	7	(72)
Changes in operating assets and liabilities:		
Receivables	3,290	588
Contract assets	(1,010)	211
Income taxes receivable / payable	(15)	(130)
Prepaid expenses and other assets	586	197
Accounts payable and other accrued liabilities	(397)	(1,019)
Accrued compensation	(711)	(604)
Deferred revenue	(1,445)	938
Deferred rent	—	(144)
Other non-current liabilities	(24)	436
Net cash used in operating activities	<u>(1,069)</u>	<u>(2,772)</u>
Investing activities:		
Purchases of property and equipment	(43)	(73)
Net cash used in investing activities	<u>(43)</u>	<u>(73)</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	(158)	(247)
Proceeds from employee stock plans	42	—
Common stock repurchases to settle employee withholding liability	(53)	(27)
Net cash provided by (used in) financing activities	<u>(169)</u>	<u>418</u>
Effect of exchange rate changes on cash	<u>(6)</u>	<u>(61)</u>
Net decrease in cash and cash equivalents	(1,287)	(2,488)
Cash and cash equivalents, beginning of period	8,636	7,690
Cash and cash equivalents, end of period	<u>\$ 7,349</u>	<u>\$ 5,202</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,	
	2019	2018	2019	2018
Software licenses and appliances	\$ 689	\$ 2,867	\$ 1,694	\$ 3,318
Service				
Subscription, maintenance and support	4,154	4,122	9,717	8,160
Professional services and other	522	637	1,052	979
Total service	4,676	4,759	10,769	9,139
Total revenue	\$ 5,365	\$ 7,626	\$ 12,463	\$ 12,457

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net loss	\$ (3,601)	\$ (1,531)	\$ (4,551)	\$ (6,061)
Interest expense, net	214	510	419	1,354
Income tax benefit	(11)	(78)	(15)	(166)
Depreciation and amortization expense:				
Depreciation and amortization in cost of revenues	—	2	—	5
Depreciation and amortization in operating expenses	86	126	159	295
Total depreciation and amortization expense	86	128	159	300
Amortization of intangibles included in cost of revenues	114	293	231	591
Amortization of intangibles included in operating expenses	201	227	419	456
Total amortization of intangibles expense	315	520	650	1,047
Total depreciation and amortization expense	401	648	809	1,347
EBITDA	(2,997)	(451)	(3,338)	(3,526)
Increase (decrease) in fair value of warrant liability	1,436	278	1,725	(109)
Other (income) expense, net	(66)	16	(35)	403
Stock-based compensation expense:				
Stock-based compensation included in cost of revenues	6	8	14	18
Stock-based compensation included in operating expenses	188	220	411	420
Total stock-based compensation expense	194	228	425	438
Adjusted EBITDA	\$ (1,433)	\$ 71	\$ (1,223)	\$ (2,794)