

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<b>Revenues:</b>				
Software licenses and appliances	\$ 1,962	\$ 985	\$ 3,656	\$ 4,303
Service	4,709	4,668	15,478	13,807
Total revenues	6,671	5,653	19,134	18,110
<b>Cost of revenues:</b>				
Software licenses and appliances	719	504	1,366	1,643
Service	1,294	1,611	3,747	4,990
Total cost of revenues	2,013	2,115	5,113	6,633
Gross profit	4,658	3,538	14,021	11,477
<b>Operating expenses:</b>				
Research and development	1,849	1,617	5,361	5,159
Sales and marketing	2,083	1,796	6,647	6,388
General and administrative	1,673	1,608	4,998	5,536
Amortization of purchased intangibles	168	224	587	680
Total operating expenses	5,773	5,245	17,593	17,763
Operating loss	(1,115)	(1,707)	(3,572)	(6,286)
<b>Other income (expense):</b>				
Gain on sale of BriefCam, Ltd.	41	6,502	41	6,502
Loss on extinguishment of debt	—	(1,189)	—	(1,189)
Interest expense, net	(235)	(262)	(654)	(1,616)
Decrease (increase) in fair value of warrant liability	973	(401)	(752)	(292)
Other, net	(3)	(78)	32	(481)
Total other income (expense), net	776	4,572	(1,333)	2,924
Income (loss) before income taxes	(339)	2,865	(4,905)	(3,362)
Income tax expense (benefit)	(118)	469	(133)	303
Net income (loss)	\$ (221)	\$ 2,396	\$ (4,772)	\$ (3,665)
<b>Net income (loss) per share – basic:</b>				
Net income (loss) per share – basic	\$ (0.02)	\$ 0.25	\$ (0.49)	\$ (0.39)
Weighted average shares outstanding – basic	9,913	9,559	9,822	9,472
<b>Net income (loss) per share – diluted:</b>				
Income (loss) attributable to common shareholders	\$ (1,194)	\$ 2,396	\$ (4,772)	\$ (3,665)
Net income (loss) per share – diluted	\$ (0.11)	\$ 0.25	\$ (0.49)	\$ (0.39)
Weighted average shares outstanding – diluted	10,413	9,709	9,822	9,472

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

Assets	September 30, 2019	December 31, 2018
<b>Current assets:</b>		
Cash and cash equivalents	\$ 7,525	\$ 8,636
Receivables, net	4,202	6,278
Contract assets	1,330	485
Income taxes receivable	274	327
Prepaid expenses and other current assets	1,752	2,192
Total current assets	15,083	17,918
Property and equipment, net	633	545
Right of use assets – operating leases	1,783	—
Intangible assets, net	3,279	4,247
Goodwill	6,748	6,971
Deferred income taxes, non-current	45	55
Other assets, non-current	602	544
Total assets	\$ 28,173	\$ 30,280
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities:</b>		
Accounts payable and other accrued liabilities	\$ 3,286	\$ 2,838
Accrued compensation	817	1,548
Deferred revenue	9,050	9,672
Operating lease liabilities	465	—
Deferred rent	—	45
Financing obligations	214	152
Term loan	3,834	—
Warrant liability	3,550	2,798
Total current liabilities	21,216	17,053
<b>Long-term liabilities:</b>		
Deferred revenue, non-current	1,768	1,672
Income taxes payable, non-current	580	563
Deferred tax liability, non-current	—	2
Operating lease liabilities, non-current	1,735	—
Deferred rent, non-current	—	302
Financing obligations, non-current	104	57
Term loan, non-current	—	3,431
Other liabilities, non-current	—	195
Total long-term liabilities	4,187	6,222
Total liabilities	25,403	23,275
<b>Stockholders' equity:</b>		
Common stock	99	96
Additional paid-in capital	69,705	69,072
Accumulated deficit	(63,457)	(58,875)
Accumulated other comprehensive loss	(3,577)	(3,288)
Total stockholders' equity	2,770	7,005
Total liabilities and stockholders' equity	\$ 28,173	\$ 30,280

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

	Nine Months Ended September 30,	
	2019	2018
Operating activities:		
Net loss	\$ (4,772)	\$ (3,665)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,170	1,924
Stock-based compensation	644	767
Accretion of debt discount and issuance costs	403	1,194
Gain on sale of BriefCam, Ltd.	(41)	(6,502)
Loss on debt extinguishment	—	1,189
Gain on lease modification	(21)	—
Loss on lease contract termination	—	177
Increase in fair value of warrant liability	752	292
Deferred income taxes	8	(99)
Changes in operating assets and liabilities:		
Receivables	2,038	1,363
Contract assets	(845)	394
Income taxes receivable / payable	62	357
Prepaid expenses and other assets	573	291
Accounts payable and other accrued liabilities	546	(2,082)
Accrued compensation	(732)	(857)
Deferred revenue	(431)	2,283
Deferred rent	—	(121)
Other non-current liabilities	(24)	98
Net cash used in operating activities	<u>(670)</u>	<u>(2,997)</u>
Investing activities:		
Proceeds from sale of BriefCam, Ltd.	41	9,678
Purchases of property and equipment	(137)	(116)
Net cash provided by (used in) investing activities	<u>(96)</u>	<u>9,562</u>
Financing activities:		
Proceeds from term loan and warrant issuance	—	10,000
Principal payments on term loans	—	(14,000)
Payments for term loan issuance costs	—	(1,308)
Principal payments on financing obligations	(242)	(329)
Proceeds from employee stock plans	46	—
Common stock repurchases to settle employee withholding liability	(54)	(28)
Net cash used in financing activities	<u>(250)</u>	<u>(5,665)</u>
Effect of exchange rate changes on cash	(95)	(91)
Net increase (decrease) in cash and cash equivalents	(1,111)	809
Cash and cash equivalents, beginning of period	8,636	7,690
Cash and cash equivalents, end of period	<u>\$ 7,525</u>	<u>\$ 8,499</u>

**QUMU CORPORATION**  
**Supplemental Financial Information**  
(unaudited - in thousands)

A summary of revenue is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Software licenses and appliances	\$ 1,962	\$ 985	\$ 3,656	\$ 4,303
Service				
Subscription, maintenance and support	4,166	4,091	13,883	12,251
Professional services and other	543	577	1,595	1,556
Total service	4,709	4,668	15,478	13,807
Total revenue	\$ 6,671	\$ 5,653	\$ 19,134	\$ 18,110

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net income (loss)	\$ (221)	\$ 2,396	\$ (4,772)	\$ (3,665)
Interest expense, net	235	262	654	1,616
Income tax expense (benefit)	(118)	469	(133)	303
Depreciation and amortization expense:				
Depreciation and amortization in cost of revenues	—	2	—	7
Depreciation and amortization in operating expenses	84	63	243	358
Total depreciation and amortization expense	84	65	243	365
Amortization of intangibles included in cost of revenues	109	288	340	879
Amortization of intangibles included in operating expenses	168	224	587	680
Total amortization of intangibles expense	277	512	927	1,559
Total depreciation and amortization expense	361	577	1,170	1,924
EBITDA	257	3,704	(3,081)	178
Gain on sale of BriefCam, Ltd.	(41)	(6,502)	(41)	(6,502)
Loss on extinguishment of debt	—	1,189	—	1,189
Increase (decrease) in fair value of warrant liability	(973)	401	752	292
Other (income) expense, net	3	78	(32)	481
Stock-based compensation expense:				
Stock-based compensation included in cost of revenues	6	8	20	26
Stock-based compensation included in operating expenses	213	321	624	741
Total stock-based compensation expense	219	329	644	767
Adjusted EBITDA	\$ (535)	\$ (801)	\$ (1,758)	\$ (3,595)