

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

	Three Months Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017
Revenues:				
Software licenses and appliances	\$ 1,511	\$ 2,011	\$ 5,814	\$ 5,982
Service	5,392	5,218	19,199	22,185
Total revenues	6,903	7,229	25,013	28,167
Cost of revenues:				
Software licenses and appliances	634	629	2,277	2,407
Service	1,226	1,852	6,216	7,855
Total cost of revenues	1,860	2,481	8,493	10,262
Gross profit	5,043	4,748	16,520	17,905
Operating expenses:				
Research and development	1,854	1,603	7,013	7,279
Sales and marketing	2,006	2,542	8,394	10,026
General and administrative	1,586	2,015	7,122	8,567
Amortization of purchased intangibles	224	229	904	904
Total operating expenses	5,670	6,389	23,433	26,776
Operating loss	(627)	(1,641)	(6,913)	(8,871)
Other income (expense):				
Gain on sale of BriefCam, Ltd.	100	—	6,602	—
Loss on extinguishment of debt	—	—	(1,189)	—
Interest expense, net	(193)	(1,858)	(1,809)	(2,852)
Decrease in value of warrant liability	660	126	368	74
Other, net	103	(88)	(378)	(433)
Total other income (expense), net	670	(1,820)	3,594	(3,211)
Income (loss) before income taxes	43	(3,461)	(3,319)	(12,082)
Income tax expense (benefit)	(5)	(219)	298	(358)
Net income (loss)	\$ 48	\$ (3,242)	\$ (3,617)	\$ (11,724)
Net income (loss) per share – basic:				
Net income (loss) per share – basic	\$ 0.01	\$ (0.35)	\$ (0.38)	\$ (1.25)
Weighted average shares outstanding – basic	9,581	9,381	9,499	9,347
Net loss per share – diluted:				
Loss attributable to common shareholders	\$ (509)	\$ (3,242)	\$ (3,778)	\$ (11,724)
Net loss per share – diluted	\$ (0.05)	\$ (0.35)	\$ (0.39)	\$ (1.25)
Weighted average shares outstanding – diluted	9,883	9,381	9,606	9,347

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

Assets	December 31, 2018	December 31, 2017
Current assets:		
Cash and cash equivalents	\$ 8,636	\$ 7,690
Receivables, net	6,278	5,529
Contract assets	485	—
Income taxes receivable	327	156
Prepaid expenses and other current assets	2,192	1,830
Total current assets	<u>17,918</u>	<u>15,205</u>
Property and equipment, net	545	911
Intangible assets, net	4,247	6,295
Goodwill	6,971	7,390
Deferred income taxes, non-current	55	77
Other assets, non-current	544	4,398
Total assets	<u>\$ 30,280</u>	<u>\$ 34,276</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 2,838	\$ 3,878
Accrued compensation	1,548	1,824
Deferred revenue	9,672	8,923
Deferred rent	45	181
Financing obligations	152	1,047
Warrant liability	2,798	819
Total current liabilities	<u>17,053</u>	<u>16,672</u>
Long-term liabilities:		
Deferred revenue, non-current	1,672	141
Income taxes payable, non-current	563	3
Deferred tax liability, non-current	2	153
Deferred rent, non-current	302	507
Term loan and other financing obligations, non-current	3,488	7,608
Other liabilities, non-current	195	—
Total long-term liabilities	<u>6,222</u>	<u>8,412</u>
Total liabilities	<u>23,275</u>	<u>25,084</u>
Stockholders' equity:		
Common stock	96	94
Additional paid-in capital	69,072	68,035
Accumulated deficit	(58,875)	(56,197)
Accumulated other comprehensive loss	(3,288)	(2,740)
Total stockholders' equity	<u>7,005</u>	<u>9,192</u>
Total liabilities and stockholders' equity	<u>\$ 30,280</u>	<u>\$ 34,276</u>

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

	Year Ended December 31,	
	2018	2017
Operating activities:		
Net loss	\$ (3,617)	\$ (11,724)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2,366	3,045
Stock-based compensation	1,082	1,190
Accretion of debt discount and issuance costs	1,321	2,013
Gain on sale of BriefCam, Ltd.	(6,602)	—
Loss on debt extinguishment	1,189	—
Loss on lease contract termination	177	72
Decrease in value of warrant liability	(368)	(74)
Deferred income taxes	(131)	(166)
Changes in operating assets and liabilities:		
Receivables	(786)	2,101
Contract assets	65	—
Income taxes receivable / payable	375	167
Prepaid expenses and other assets	449	1,166
Accounts payable and other accrued liabilities	(1,196)	1,656
Accrued compensation	(263)	(574)
Deferred revenue	3,092	(573)
Deferred rent	(144)	(311)
Other non-current liabilities	148	—
Net cash used in operating activities	<u>(2,843)</u>	<u>(2,012)</u>
Investing activities:		
Proceeds from sale of BriefCam, Ltd.	9,778	—
Purchases of property and equipment	(127)	(24)
Net cash provided by (used in) investing activities	<u>9,651</u>	<u>(24)</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)	(225)
Principal payments on financing obligations	(402)	(505)
Common stock repurchases to settle employee withholding liability	(33)	(17)
Net cash used in financing activities	<u>(5,743)</u>	<u>(747)</u>
Effect of exchange rate changes on cash	(119)	109
Net increase (decrease) in cash and cash equivalents	946	(2,674)
Cash and cash equivalents, beginning of year	7,690	10,364
Cash and cash equivalents, end of year	<u>\$ 8,636</u>	<u>\$ 7,690</u>

QUMU CORPORATION
Supplemental Financial Information
(unaudited - in thousands)

A summary of revenue is as follows:

	Three Months Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017
Software licenses and appliances	\$ 1,511	\$ 2,011	\$ 5,814	\$ 5,982
Service				
Subscription, maintenance and support	4,881	4,313	17,132	19,374
Professional services and other	511	905	2,067	2,811
Total service	5,392	5,218	19,199	22,185
Total revenue	\$ 6,903	\$ 7,229	\$ 25,013	\$ 28,167

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

	Three Months Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017
Net income (loss)	\$ 48	\$ (3,242)	\$ (3,617)	\$ (11,724)
Interest expense, net	193	1,858	1,809	2,852
Income tax expense (benefit)	(5)	(219)	298	(358)
Depreciation and amortization expense:				
Depreciation and amortization in cost of revenues	—	4	7	29
Depreciation and amortization in operating expenses	73	199	431	915
Total depreciation and amortization expense	73	203	438	944
Amortization of intangibles included in cost of revenues	145	304	1,024	1,197
Amortization of intangibles included in operating expenses	224	229	904	904
Total amortization of intangibles expense	369	533	1,928	2,101
Total depreciation and amortization expense	442	736	2,366	3,045
EBITDA	678	(867)	856	(6,185)
Gain on sale of BriefCam, Ltd.	(100)	—	(6,602)	—
Loss on extinguishment of debt	—	—	1,189	—
Decrease in fair value of warrant liability	(660)	(126)	(368)	(74)
Other expense, net	(103)	88	378	433
Stock-based compensation expense:				
Stock-based compensation included in cost of revenues	8	10	34	39
Stock-based compensation included in operating expenses	307	90	1,048	1,151
Total stock-based compensation expense	315	100	1,082	1,190
Adjusted EBITDA	\$ 130	\$ (805)	\$ (3,465)	\$ (4,636)