UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2024

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ___ to ___

Commission File Number 001-13449

Quantum Corporation

(Exact name of registrant as specified in its charter)

Delaware	**94-2665054**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

224 Airport Parkway Suite 550 San Jose CA	**95110**
(Address of Principal Executive Offices)	(Zip Code)

(408) 944-4000

Registrant's telephone number, including area code

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.01 par value per share	QMCO	Nasdaq Global Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.	☐	Yes	☒	No
Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).	☒	Yes	☐	No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).	☐	Yes	☒	No

As of the close of business on August 14, 2024 there were 95,849,938 shares of Quantum Corporation’s common stock issued and outstanding.

QUANTUM CORPORATION
QUARTERLY REPORT ON FORM 10-Q
For the Quarter Ended June 30, 2024

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As used in this Quarterly Report on Form 10-Q, the terms the "Company," "Quantum," "we," "us," and "our" refer to Quantum Corporation and its subsidiaries taken as a whole, unless otherwise noted or unless the context indicates otherwise.

Note Regarding Forward-Looking Statements

This Annual Report contains forward-looking statements. All statements contained in this report other than statements of historical fact, including, but not limited to, statements regarding our future operating results and financial position; our business strategy, focus and plans; our market growth and trends; our products, services and expected benefits thereof; and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “could,” “would,” “project,” “plan,” “potentially,” “preliminary,” “likely,” and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including the competitive pressures that we face; risks associated with executing our strategy; the impact of macroeconomic and geopolitical trends and events; the need to manage third-party suppliers and the distribution of our products and the delivery of our services effectively; the protection of our intellectual property assets, including intellectual property licensed from third parties; risks associated with our international operations; the development and transition of new products and services and the enhancement of existing products and services to meet customer needs; our response to emerging technological trends; the execution and performance of contracts by us and our suppliers, customers, clients and partners; the hiring and retention of key employees; risks associated with business combination and investment transactions; the execution, timing and results of any transformation or restructuring plans, including estimates and assumptions related to the cost and the anticipated benefits of the transformation and restructuring plans; the outcome of any claims and disputes; the ability to meet stock exchange continued listing standards; the possibility that the Nasdaq may delist our securities; risks related to our ability to implement and maintain effective internal control over financial reporting in the future; and those risks described under *Item 1A. Risk Factors*. Moreover, we operate in a competitive and changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the effect of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the future events and trends discussed in this report may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. Accordingly, you should not rely on forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, performance, or events and circumstances reflected in the forward-looking statements will be achieved or occur. We undertake no obligation to update any of these forward-looking statements for any reason after the date of this report or to conform these statements to actual results or revised expectations.

PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

QUANTUM CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts, unaudited)

	June 30, 2024	March 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	$ 17,287	$ 25,692
Restricted cash	256	168
Accounts receivable, net of allowance for credit losses of $99 and $22, respectively	61,364	67,788
Manufacturing inventories	18,467	17,753
Service parts inventories	8,513	9,783
Prepaid expenses	3,880	2,186
Other current assets	8,965	8,414
Total current assets	118,732	131,784
Property and equipment, net	10,988	12,028
Intangible assets, net	1,207	1,669
Goodwill	12,969	12,969
Right-of-use assets, net	9,344	9,425
Other long-term assets	19,849	19,740
Total assets	$ 173,089	$ 187,615
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	$ 31,509	$ 26,087
Accrued compensation	16,091	18,214
Deferred revenue, current portion	74,802	78,511
Term debt, current portion	5,000	82,496
Revolving credit facility	—	26,604
Warrant liabilities	3,163	4,046
Other accrued liabilities	25,043	13,986
Total current liabilities	155,608	249,944
Deferred revenue, net of current portion	36,759	38,176
Revolving credit facility	35,800	—
Long-term debt, net of current portion	65,132	—
Operating lease liabilities	9,464	9,621
Other long-term liabilities	11,577	11,372
Total liabilities	314,340	309,113
Commitments and contingencies (Note 9)		
Stockholders' deficit		
Preferred stock, 20,000 shares authorized; no shares issued and outstanding	—	—
Common stock, $0.01 par value; 225,000 shares authorized; 95,850 and 95,850 shares issued and outstanding	959	959
Additional paid-in capital	708,041	707,116
Accumulated deficit	(848,200)	(827,380)
Accumulated other comprehensive loss	(2,051)	(2,193)
Total stockholders' deficit	(141,251)	(121,498)
Total liabilities and stockholders' deficit	$ 173,089	$ 187,615

See accompanying Notes to Condensed Consolidated Financial Statements.

QUANTUM CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in thousands, except per share amounts, unaudited)

	Three Months Ended June 30,	
	2024	**2023**
Revenue:		
Product	$ 40,994	$ 58,577
Service and subscription	27,447	30,953
Royalty	2,902	2,965
Total revenue	71,343	92,495
Cost of revenue:		
Product	32,555	44,451
Service and subscription	12,653	12,403
Total cost of revenue	45,208	56,854
Gross profit	26,135	35,641
Operating expenses:		
Sales and marketing	13,295	15,839
General and administrative	21,065	12,699
Research and development	8,308	10,913
Restructuring charges	1,192	1,329
Total operating expenses	43,860	40,780
Loss from operations	(17,725)	(5,139)
Other expense	(41)	(998)
Interest expense	(3,790)	(3,201)
Change in fair value of warrant liabilities	1,666	726
Loss on debt extinguishment, net	(695)	—
Net loss before income taxes	(20,585)	(8,612)
Income tax provision	235	530
Net loss	$ (20,820)	$ (9,142)
Net loss per share - basic	$ (0.22)	$ (0.10)
Net loss per share - diluted	$ (0.22)	$ (0.10)
Weighted average shares - basic	95,850	93,673
Weighted average shares - diluted	95,850	93,711
Net loss	$ (20,820)	$ (9,142)
Foreign currency translation adjustments, net	142	249
Total comprehensive loss	$ (20,678)	$ (8,893)

See accompanying Notes to Condensed Consolidated Financial Statements.

QUANTUM CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, unaudited)

	Three Months Ended June 30, 2024	2023
Operating activities		
Net loss	$ (20,820)	$ (9,142)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	1,780	2,752
Amortization of debt issuance costs	804	520
Loss on debt extinguishment	695	—
Provision for product and service inventories	407	516
Stock-based compensation	925	1,901
Change in fair value of warrant liabilities	(1,666)	469
Other	275	750
Changes in assets and liabilities:		
Accounts receivable, net	6,346	6,255
Manufacturing inventories	(1,325)	(692)
Service parts inventories	1,475	(516)
Prepaid expenses	(1,694)	(2,287)
Accounts payable	6,828	(5,421)
Accrued restructuring charges	—	110
Accrued compensation	(2,123)	(816)
Deferred revenue	(5,126)	(2,929)
Other current assets	(551)	(487)
Other non-current assets	649	(935)
Other current liabilities	11,017	(954)
Other non-current liabilities	208	1,462
Net cash used in operating activities	(1,896)	(9,444)
Investing activities		
Purchases of property and equipment	(1,620)	(2,299)
Net cash used in investing activities	(1,620)	(2,299)
Financing activities		
Borrowings of long-term debt, net of debt issuance costs	—	12,889
Repayments of long-term debt and payment of amendment fees	(13,537)	(1,997)
Borrowings of credit facility	105,568	108,186
Repayments of credit facility and payment of amendment fees	(96,829)	(107,834)
Proceeds from issuance of common stock, net	—	(9)
Net cash provided by (used in) financing activities	(4,798)	11,235
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(3)	(2)
Net change in cash, cash equivalents and restricted cash	(8,317)	(510)
Cash, cash equivalents, and restricted cash at beginning of period	25,860	26,175
Cash, cash equivalents, and restricted cash at end of period	$ 17,543	$ 25,665
Cash and cash equivalents	$ 17,287	$ 25,465
Restricted cash, current	256	200
Cash and cash equivalents at the end of period	$ 17,543	$ 25,665
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 2,134	$ 2,665
Cash paid for income taxes, net	$ 495	$ 307
Non-cash transactions		
Purchases of property and equipment included in accounts payable	$ 218	$ 977
Transfer of manufacturing inventory to services inventory	$ 65	$ (226)
Transfer of manufacturing inventory to property and equipment	$ —	$ 143
Paid-in-kind interest	$ 684	$ 191

See accompanying Notes to Condensed Consolidated Financial Statements.

QUANTUM CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
(in thousands, unaudited)

	Common Stock					
Three Months Ended	**Shares**	**Amount**	**Additional Paid-in Capital**	**Accumulated Deficit**	**Accumulated Other Comprehensive Loss**	**Total Stockholders' Deficit**
Balance, March 31, 2023	93,574	$ 936	$ 702,370	$ (786,094)	$ (1,581)	$ (84,369)
Net loss	—	—	—	(9,142)	—	(9,142)
Foreign currency translation adjustments, net	—	—	—	—	249	249
Shares issued under employee incentive plans, net	131	2	(2)	—	—	—
Warrants issued in connection with debt refinancing			40		—	40
Stock-based compensation	—	—	1,901	—	—	1,901
Balance, June 30, 2023	93,705	$ 938	$ 704,309	$ (795,236)	$ (1,332)	$ (91,321)
Balance, March 31, 2024	95,850	$ 959	$ 707,116	$ (827,380)	$ (2,193)	$ (121,498)
Net loss	—	—	—	(20,820)	—	(20,820)
Foreign currency translation adjustments, net	—	—	—	—	142	142
Stock-based compensation	—	—	925	—	—	925
Balance, June 30, 2024	95,850	$ 959	$ 708,041	$ (848,200)	$ (2,051)	$ (141,251)

See accompanying Notes to Condensed Consolidated Financial Statements.

INDEX TO NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

NOTE 1: DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Quantum Corporation, together with its consolidated subsidiaries (“Quantum” or the “Company”), stores and manages digital video and other forms of unstructured data, providing streaming performance for video and rich media applications, along with low-cost, long-term storage systems for data protection and archiving. The Company helps customers around the world capture, create and share digital data and preserve and protect it for decades. The Company’s software-defined, hyperconverged storage solutions span from non-volatile memory express (“NVMe”), to solid state drives (“SSD”) hard disk drives (“HDD”) tape and the cloud and are tied together leveraging a single namespace view of the entire data environment. The Company works closely with a broad network of distributors, value-added resellers (“VARs”), direct marketing resellers (“DMRs”), original equipment manufacturers (“OEMs”) and other suppliers to meet customers’ evolving needs.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information. All intercompany balances and transactions have been eliminated. Certain information and footnote disclosures normally included in annual financial statements have been condensed or omitted. The Company believes the disclosures made are adequate to prevent the information presented from being misleading. However, the accompanying unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included within the Company's most recent Annual Report on Form 10-K.

The unaudited condensed consolidated interim financial statements reflect all adjustments, consisting only of normal and recurring items, necessary to present fairly our financial position as of June 30, 2024, the results of operations and comprehensive loss, statements of cash flows, and changes in stockholders’ deficit for the three months ended June 30, 2024 and 2023. Interim results are not necessarily indicative of full year performance because of the impact of seasonal and short-term variations.

Going Concern

These consolidated financial statements have been prepared in accordance with GAAP assuming the Company will continue as a going concern. In our Annual Report on Form 10-K for the fiscal year ended March 31, 2024 issued on June 28, 2024, it was stated that the Company believed it was probable that it would be in violation of the net leverage covenant at the next testing date which was July 2024. With the signing of the August 2024 Amendments, this testing requirement has been waived and the Company is currently in compliance with all covenants. Further, the August 2024 Amendments provide the Company with revised covenants and additional liquidity such that the Company believes that it will continue as a going concern and the substantial doubt no longer exists. See *Note 12: Subsequent Events* for further details.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the financial statements and accompanying notes. Actual results could differ from these estimates and assumptions due to risks and uncertainties. Such estimates include, but are not limited to, the determination of standalone selling price for revenue arrangements with multiple performance obligations, inventory adjustments, useful lives of intangible assets and property and equipment, stock-based compensation, fair value of warrants, and provision for income taxes including related reserves. Management bases its estimates on historical experience and on various other assumptions which management believes to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

Restricted Cash

Restricted cash is comprised of bank guarantees and similar required minimum balances that serve as cash collateral in connection with various items including insurance requirements, value added taxes, ongoing tax audits and leases in certain countries.

Recently Issued but not Adopted Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires disclosure of incremental segment information on an annual and interim basis. ASU 2023-07 will be effective for our fiscal year beginning April 1, 2024, and interim periods within our fiscal year beginning April 1, 2025, with early adoption permitted and requires application on a fully retrospective basis. We are currently evaluating the impact of this standard on our financial statement disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires greater disaggregation of tax information in rate reconciliation and income taxes paid by jurisdiction. ASU 2023-09 will be effective for our fiscal year beginning April 1, 2025, with early adoption permitted. We are currently evaluating the impact of this standard on our financial statement disclosures.

NOTE 2: REVENUE

Based on how the Company manages its business, the Company has determined that it currently operates in one reportable segment. The Company operates in three geographic regions: (a) Americas; (b) Europe, Middle East and Africa (“EMEA”); and (c) Asia Pacific (“APAC”). Revenue by geography is based on the location of the customer from which the revenue is earned.

In the following table, revenue is disaggregated by major product offerings and geographies (in thousands):

	Three Months Ended June 30,			
	2024		2023	
Americas[1]				
Product revenue	23,630		36,636	
Service and subscription	15,114		17,954	
Total revenue	38,744	54 %	54,590	59 %
EMEA				
Product revenue	12,974		15,849	
Service and subscription	9,663		11,106	
Total revenue	22,637	32 %	26,955	29 %
APAC				
Product revenue	4,390		6,092	
Service and subscription	2,670		1,893	
Total revenue	7,060	10 %	7,985	9 %
Consolidated				
Product revenue	40,994		58,577	
Service and subscription	27,447		30,953	
Royalty[2]	2,902	4 %	2,965	3 %
Total revenue	$ 71,343	100 %	$ 92,495	100 %

[1] Revenue for Americas geographic region outside of the United States is not significant.

[2] Royalty revenue is not allocatable to geographic regions.

Revenue by Solution

	Three Months Ended June 30,			
	2024	%	2023	%
Primary storage systems	16,870	24 %	11,449	12 %
Secondary storage systems	15,769	22 %	41,574	45 %
Device and media	9,250	13 %	8,192	9 %
Service	26,552	37 %	28,315	31 %
Royalty	2,902	4 %	2,965	3 %
Total revenue[1]	71,343	100 %	92,495	100 %

[1] Subscription revenue of $0.9 million and $2.6 million was allocated to Primary and Secondary storage systems for the quarters ended June 30, 2024 and 2023, respectively.

Contract Balances

The following table presents the Company's contract liabilities and certain information related to this balance as of and for the three months ended June 30, 2024 and March 31, 2024 (in thousands):

	June 30, 2024
Deferred revenue	$ 111,561
Revenue recognized in the period from amounts included in contract liabilities at the beginning of the period	27,723

	March 31, 2024
Deferred revenue	$ 116,687
Revenue recognized in the period from amounts included in contract liabilities at the beginning of the period	$ 76,304

Remaining Performance Obligations

Total remaining performance obligations ("RPO") which is contracted but not recognized revenue was $ 138.1 million as of June 30, 2024. RPO consists of both deferred revenue and non-cancelable amounts that are expected to be invoiced and recognized as revenue in future periods and excludes variable consideration related to sales-based royalties. Of the $138.1 million RPO at the end of the first quarter of fiscal 2024, we expect to recognize approximately 29% over the next 13 to 60 months.

Remaining performance obligations consisted of the following (in thousands):

	Current	Non-Current	Total
As of June 30, 2024	$ 98,133	$ 39,931	$ 138,064

Deferred revenue primarily consists of amounts invoiced and paid but not recognized as revenue including performance obligations pertaining to subscription services. The table below reflects our deferred revenue as of June 30, 2024 (in thousands):

	Deferred revenue by period			
(in thousands)	Total	1 year or less	1 – 3 Years	3 year or greater
Subscription revenue	$ 16,373	$ 8,039	$ 6,623	$ 1,711
Service revenue	95,188	66,763	24,062	$ 4,363
Total	$ 111,561	$ 74,802	$ 30,685	$ 6,074

NOTE 3: BALANCE SHEET INFORMATION

Certain significant amounts included in the Company's condensed consolidated balance sheets consist of the following (in thousands):

Manufacturing inventories

	June 30, 2024	March 31, 2024
Finished goods	$ 8,399	$ 7,074
Work in progress	610	769
Raw materials	9,458	9,910
Total manufacturing inventories	$ 18,467	$ 17,753

Service parts inventories

	June 30, 2024	March 31, 2024
Finished goods	$ 6,422	$ 3,660
Component parts	2,091	6,123
Total service parts inventories	$ 8,513	$ 9,783

Other long-term assets

	June 30, 2024	March 31, 2024
Capitalized SaaS implementation costs for internal use	$ 15,230	$ 15,349
Capitalized debt costs	2,154	1,923
Contract asset	1,457	1,477
Deferred taxes	729	734
Other	279	257
Total other long-term assets	$ 19,849	$ 19,740

Other accrued liabilities

	June 30, 2024	March 31, 2024
Accrued expenses	$ 14,168	$ 4,251
Asset retirement obligation	2,328	2,069
Accrued warranty	1,265	1,545
Accrued interest	691	524
Accrued income taxes	571	1,044
Accrued restructuring	404	110
Other	5,616	4,443
Total other accrued liabilities	$ 25,043	$ 13,986

Intangibles, net

	June 30, 2024			March 31, 2024		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Developed technology	$ 9,013	$ (8,781)	$ 232	$ 9,013	$ (8,550)	$ 463
Customer lists	4,398	(3,423)	975	4,398	(3,192)	1,206
Intangible assets, net	$ 13,411	$ (12,204)	$ 1,207	$ 13,411	$ (11,742)	$ 1,669

Intangible assets amortization expense was $0.5 million and $1.1 million for the three months ended June 30, 2024 and 2023, respectively. As of June 30, 2024, the remaining weighted-average amortization period for definite-lived intangible assets was approximately 1.0 year. The Company recorded amortization of developed technology in cost of product revenue, and customer lists in sales and marketing expenses in the consolidated statements of operations.

As of June 30, 2024, the future expected amortization expense for intangible assets is as follows (in thousands):

Fiscal year ending	Estimated future amortization expense	
Remainder of 2025	$	926
2026		281
Thereafter		—
Total	$	1,207

Goodwill

As of June 30, 2024 and March 31, 2024, goodwill was $ 13.0 million. There were no impairments to goodwill during the three months ended June 30, 2024 and 2023.

NOTE 4: LONG-TERM DEBT

The Company's long-term debt consisted of the following (in thousands):

	June 30, 2024		March 31, 2024	
Term Loan	$	75,846	$	87,942
PNC Credit Facility		35,800		26,604
Less: current portion		(5,000)		(109,100)
Less: unamortized debt issuance costs [(1)]		(5,714)		(5,446)
Long-term debt, net	$	100,932	$	—

[(1)] The unamortized debt issuance costs related to the Term Loan is presented as a reduction of the carrying amount of the corresponding debt balance on the accompanying condensed consolidated balance sheets. Unamortized debt issuance costs related to the PNC Credit Facility are presented within other assets on the accompanying condensed consolidated balance sheets.

On August 5, 2021, the Company entered into a senior secured term loan, as amended (the "2021 Term Loan"). Principal is payable at a rate per annum equal to (a) 2.5% of the original principal balance thereof during the first year following the closing date of the 2021 Term Loan and (b) 5% of the original principal balance thereof thereafter. Principal and interest payments are payable on a quarterly basis. Loans under the Term Loan designated as ABR Loans bear interest at a rate per annum equal to the greatest of (i) 1.75%; (ii) the Federal funds rate plus 0.50%; (iii) the secured overnight financing rate ("SOFR") based upon an interest period of one month plus 1.0%; and (iv) the "Prime Rate" last quoted by the Wall Street Journal, plus an applicable margin of 5.00%. Loans designated as SOFR Rate Loans bear interest at a rate per annum equal to the SOFR Rate plus an applicable margin of 6.00% (the "Applicable Margin"). The SOFR Rate is subject to a floor of 0.75%. The Company can designate a loan as an ABR Rate Loan or SOFR Rate Loan in its discretion.

The Company has a revolving credit facility agreement with PNC Bank, as amended (the "PNC Credit Facility" and, collectively with the Term Loan, the "Credit Agreements") maturing on August 5, 2026 and providing for borrowings up to a maximum principal amount of the lesser of: (a) $40.0 million or (b) the amount of the borrowing base, as defined in the PNC Credit Facility agreement. PNC Credit Facility loans designated as PNC SOFR Loans bear interest at a rate per annum equal to the SOFR rate plus 2.75% until December 31, 2023 and thereafter between 2.25% and 2.75% determined based on the Company's Total Net Leverage Ratio, (as defined in the PNC Credit Facility agreement) for the most recently completed fiscal quarter (the "PNC SOFR Loan Interest Rate"). Loans under the PNC Credit Facility designated as PNC Domestic Rate Loans and Swing Loans bear interest at a rate per annum equal to the greatest of (i) the base commercial lending rate of PNC Bank; (ii) the Overnight Bank Funding

Rate plus 0.5%; and (iii) the daily SOFR rate plus 1.0%, plus 1.75% until December 31, 2023 and thereafter between 1.25% and 1.75% determined based on the Company's Total Net Leverage Ratio (the "PNC Domestic Loan Interest Rate"). With respect to any PNC SOFR Rate Loan, the Company has agreed to pay affiliates of certain Term Loan lenders a fee equal to a percentage per annum equal to the sum of (x) 6.50%, minus (y) the PNC SOFR Loan Interest Rate, plus (z) if the SOFR Rate applicable to such interest payment is less than 0.75%, (i) 0.75% minus (ii) such SOFR Rate. With respect to any Domestic Rate Loan or Swing Loan, the Company has agreed to pay an affiliate of certain Term Loan lenders a fee equal to a percentage per annum equal to the sum of (x) 5.50%, minus (y) the PNC Domestic Loan Interest Rate, plus (z) if the Alternative Base Rate applicable to such interest payment is less than 1.00%, (i) 1.00% minus (ii) such Alternative Base Rate.

The Credit Agreements contain certain covenants, including requirements to prepay the Term Loan in an amount equal to (i) 100% of the net cash proceeds from certain asset dispositions, extraordinary receipts, debt issuances and equity issuances, subject to certain reinvestment rights and other exceptions and (ii) 75% of certain excess cash flow of the Company and its subsidiaries beginning in the fiscal year ended March 31, 2023, subject to certain exceptions, including reductions to the percentage of such excess cash flow that is required to prepay the loans to 50% and 0%, based on the Company's applicable total net leverage ratio. Amounts outstanding under the Term Loan may become due and payable upon the occurrence of specified events, which among other things include (subject to certain exceptions and cure periods): (i) failure to pay principal, interest, or any fees when due; (ii) breach of any representation or warranty, covenant, or other agreement in the Term Loan and other related loan documents; (iii) the occurrence of a bankruptcy or insolvency proceeding with respect to the Company or certain of its subsidiaries; (iv) any "Event of Default" with respect to other indebtedness involving an aggregate amount of $3,000,000 or more; (v) any lien created by the Term Loan or any related security documents ceasing to be valid and perfected; (vi) the Term Loan or any related security documents or guarantees ceasing to be legal, valid, and binding upon the parties thereto; or (vii) a change of control shall occur. Additionally, the Credit Agreements contain financial covenants relating to minimum liquidity and quarterly total net leverage. The PNC Credit Facility contains a financial covenant related to the Company's quarterly fixed charges coverage ratio, as defined in the PNC Credit Facility agreements beginning in the fiscal quarter ending March 31, 2025.

On June 1, 2023, the Company entered into amendments to the Credit Agreements (the "June 2023 Amendment") which, among other things, provided an advance of $15.0 million in additional Term Loan borrowings (the "2023 Term Loan" and, collectively with the 2021 Term Loan, the "Term Loan") and incurred $0.9 million in original issuance discount and origination fees which have been recorded as a reduction to the carrying amount of the 2023 Term Loan and amortized to interest expense over the loan term. The terms of the 2023 Term Loan are substantially similar to the terms of the 2021 Term Loan, including in relation to maturity and security, except that, among other things, (a) the Applicable Margin (i) for any 2023 Term Loan designated an "ABR Loan" is 9.00% per annum and (ii) for any 2023 Term Loan designated as a "SOFR Loan" is 10.00% per annum, (b) accrued interest on the 2023 Term Loan is payable in kind ("PIK"), and is capitalized and added to the principal amount of the 2023 Term Loan at the end of each interest period applicable thereto, (c) the 2023 Term Loan does not amortize prior to the maturity date thereof, and (d) the 2023 Term Loan may not be prepaid prior to the payment in full of the existing term loans. In connection with the 2023 Term Loan, the Company issued warrants to purchase an aggregate of 1.25 million shares (the "June 2023 Warrants") of the Company's common stock, at an exercise price of $1.00 per share. See *Note 7: Common Stock* for additional discussion related to the June 2023 Warrants.

The June 2023 Amendment to the 2021 Term Loan was accounted for as a modification. The value of the June 2023 Warrants in addition to $ 0.7 million of fees paid to the lenders have been reflected as a reduction to the carrying amount of the Term Loan and amortized to interest expense over the remaining loan term. The Company incurred $0.9 million of legal and financial advisory fees which were included in general and administrated expenses in the condensed consolidated statement of operations and comprehensive loss. The June 2023 Amendments to the PNC Credit Facility was accounted for as modifications and $0.7 million in related fees and expenses were recorded to other assets and are amortized to interest expense over the remaining term of the agreement.

On February 14, 2024, the Company entered into amendments to the Credit Agreements which waived testing of the total net leverage ratio financial covenant for the fiscal quarter ended December 31, 2023. In connection with the amendment, the Company incurred fees related to the Term Loan that was paid-in-kind of $1.2 million and an amendment fee of $ 0.1 million that was paid in cash. These fees have been reflected as a reduction to the carrying amount of the Term Loan and are amortized to interest expense over the remaining loan term. In connection with the related PNC Credit Facility amendment, the Company incurred $0.2 million in fees and expenses.

On March 22, 2024, the Company entered into amendments to the Credit Agreements. The amendment, among other things, (i) permits the sale of certain assets by the Company and (ii) require that certain proceeds from the sale of such assets be applied to partially prepay the outstanding term loans under the Term Loan credit facility. The Company did not incur any amendment fees related to the March 2024 amendments and the financial terms of the Credit Agreements were not impacted.

During the quarter ended June 30, 2024, the Company prepaid $ 12.3 million of the Term Loan. In connection with this prepayment the Company recorded a loss on debt extinguishment of $0.7 million related to the write-off of a portion of unamortized debt issuance costs.

On May 24, 2024, we entered into amendments to the Credit Agreements (the “May 2024 Amendments”) which, among other things, (i) waived compliance with the Company’s net leverage covenant as of March 31, 2024; (ii), reduced the daily minimum liquidity covenant below $15.0 million until June 16, 2023 and waived any default that might arise as a result of the restatement of certain of the Company’s historical financial statements. In connection with the May 2024 Amendments, the Company issued to the Term Loan lenders warrants to purchase an aggregate of 2,000,000 shares of the Company’s common stock at a purchase price of $0.46 (the “May 2024 Warrants”). See Note 7: Common Stock for additional discussion related to the May 2024 Warrants. Additionally, in connection with the May 2024 Amendment to the Term Loan, the Company incurred an amendment fee that was paid-in-kind of $0.8 million and issued the 2024 Term Loan Warrants with a fair market value of $0.8 million.

In connection with May 2024 Amendment to the PNC Credit Facility Amendment, the Company incurred $ 0.5 million of fees and expenses paid to the lender.

The May 2024 Amendment to the Term Loan was accounted for as a modification. The value of the May 2024 Warrants in addition to $ 0.8 million of amendment fees paid to the lenders have been reflected as a reduction to the carrying amount of the Term Loan and amortized to interest expense over the remaining loan term. The May 2024 Amendment to the PNC Credit Facility were accounted for as modifications and the $0.5 million in related fees and expenses were recorded to other assets and are amortized to interest expense over the remaining term of the agreement.

The Company is required to pay an undrawn commitment fee related to the PNC Credit Facility at a rate per annum of between 0.25% and 0.375% (the “PNC Commitment Fee”) based on the average PNC Credit Facility Usage Amount ending on the last day off the most recently completed quarter (the “Average Usage Amount”) multiplied by $40 million less the Average Usage Amount. The Company has also agreed to pay affiliates of certain Term Loan lenders a fee at a rate per annum equal to 1.00% minus the PNC Commitment Fee multiplied by $ 40 million less the Average Usage Amount.

The Term Loan and PNC Credit Facility both mature on August 5, 2026 under the terms of the related agreements. As of June 30, 2024, the interest rate on the 2021 Term Loan and the 2023 Term Loan was 11.61% and 15.61%, respectively. As of June 30, 2024, the interest rate on the PNC Credit Facility for Domestic Rate Loans and Swing Loans and SOFR Loans was 10.25% and 8.19%, respectively. As of June 30, 2024, the PNC Credit Facility had an available borrowing base of $35.9 million, of which $0.1 million was available to borrow at that date.

The Term Loan amendments and certain warrants issued to term lenders during 2023 and 2024 were entered into with certain entities managed by Pacific Investment Management Company, LLC ("PIMCO") which is considered a related party due to the fact that Christopher D. Neumeyer is a member of the Company's Board of Directors and also an executive vice president and portfolio manager at PIMCO. The principal and PIK interest related to the June 2023 Term Loan which totaled $18.2 million as of June 30, 2024 are payable at maturity.

See *Note 12: Subsequent Events* for additional information related to the Credit Agreements.

NOTE 5: LEASES

Supplemental balance sheet information related to leases is as follows (in thousands):

Operating leases	June 30, 2024	March 31, 2024
Operating lease right-of-use asset	$ 9,344	$ 9,425
Operating lease liabilities, current portion	1,351	1,256
Operating lease liability, net of current portion	9,464	9,621
Total operating lease liabilities	$ 10,815	$ 10,877

Components of lease cost were as follows (in thousands):

	Three Months Ended June 30,	
Lease Cost	2024	2023
Operating lease cost	$ 712	$ 875
Variable lease cost	70	122
Total lease cost	$ 782	$ 997

Maturity of Lease Liabilities	Operating Leases
Remainder of 2025	$ 2,009
2026	2,227
2027	1,733
2028	1,533
2029	1,213
Thereafter	12,089
Total lease payments	$ 20,804
Less: imputed interest	(9,989)
Present value of lease liabilities	$ 10,815

Lease Term and Discount Rate	June 30, 2024	March 31, 2024
Weighted average remaining operating lease term (years)	10.28	10.53
Weighted average discount rate for operating leases	12.60 %	12.64 %

Operating cash outflows related to operating leases totaled $ 0.7 million and $0.9 million for the three months ended June 30, 2024 and 2023, respectively.

NOTE 6: RESTRUCTURING CHARGES

During the quarters ending June 30, 2024 and 2023, the Company approved certain restructuring plans to improve operational efficiencies and rationalize its cost structure.

The following tables show the activity and the estimated timing of future payouts for accrued restructuring (in thousands):

		Severance and Benefits
Balance as of March 31, 2023	$	—
Restructuring costs		1329
Cash payments		(1,219)
Balance as of June 30, 2023	$	110
Balance as of March 31, 2024	$	—
Restructuring costs		1,192
Cash payments		(788)
Balance as of June 30, 2024	$	404

NOTE 7: COMMON STOCK

Warrants

In connection with debt refinancing and amendment activities, the Company issued warrants to purchase shares of the Company common stock in December 2018 which are exercisable until December 27, 2028 (the "December 2018 Warrants", in June 2020 which are exercisable until June 16, 2030 (the "June 2020 Warrants") and issued the June 2023 Warrants and May 2024 Warrants are until June 1, 2033 and May 24, 2034, respectively (collectively, the "Lender Warrants").

The following summarizes the Company's outstanding Lender Warrants (in thousands, except exercise price):

	December 2018 Warrants	June 2020 Warrants	June 2023 Warrants	May 2024 Warrants	Total
March 31, 2024:					
Exercise price	$ 1.33	$ 2.77	$ 1.00	n/a	
Number shares under warrant(s)	7,131	3,683	1,250	n/a	12,064
Fair value	$ 2,320	$ 1,135	$ 591	n/a	$ 4,046
June 30, 2024:					
Exercise price	$ 1.31	$ 2.72	$ 0.99	$ 0.46	
Number shares under warrant(s)	7,215	3,683	1,262	2,000	14,160
Fair value	$ 1,331	$ 750	$ 391	$ 691	$ 3,163

The table below sets forth a summary of changes in the fair value of the Company's Level 2 warrant liabilities as of June 30, 2024 and June 30, 2023:

Balance at March 31, 2023	**$**	**7,989**
Issuance of warrants		1,194
Change in fair value of warrant liabilities		(726)
Balance at June 30, 2023	**$**	**8,457**
Balance at March 31, 2024	**$**	**4,046**
Issuance of warrants		783
Change in fair value of warrant liabilities		(1,666)
Balance at June 30, 2024	**$**	**3,163**

Upon exercise, the aggregate exercise price of the Lender Warrants may be paid, at each warrant holder's election, in cash or on a net issuance basis, based upon the fair market value of the common stock at the time of exercise. The exercise price and the number of shares underlying the Lender Warrants are subject to adjustment in the event of specified events, including dilutive issuances of equity instruments at a price lower than the exercise price of the respective warrants (the "Down Round Feature"), repricing of existing equity-linked instruments at a price lower than the exercise price of the respective warrants (the "Warrant Repricing Feature"), a subdivision or combination of the common stock, a reclassification of the common stock or specified dividend payments. The Company's warrants also have a provision that determines the potential stock price used when applying the Black-Scholes valuation model to determine the settlement price of the warrants in Successor Major Transactions ("SMT"), as defined in the respective warrant agreements, which include a change in control or liquidation (the "Warrant Settlement Price Provision"). The Warrant Settlement Price Provision requires the use of the greater of the closing price of the Company's common stock on the trading day immediately preceding the date on which an SMT is consummated, the closing market price of the Company's common stock following the first public announcement of an SMT or the closing market of the Company's common stock immediately preceding the announcement of an SMT. Due to these terms, equity classification was precluded, and these warrants are carried as liabilities at fair value.

The Company also issued 50,000 warrants to purchase the Company's common stock in June 2020 and June 2023 to advisors of the Company at an exercise price of $3.00 and $1.00, respectively (collectively the "Other Warrants"). The Company has concluded that the Other Warrants do not contain provisions that would require liability classification under Topic 480 or Topic 718 and have been equity classified.

Registration Rights Agreements

The Lender Warrants grant the holders certain registration rights for the shares of common stock issuable upon the exercise of the applicable warrants, including (a) the ability of a holder to request that the Company file a Form S-1 registration statement with respect to at least 40% of the registrable securities held by such holder as of the issuance date of the applicable warrants; (b) the ability of a holder to request that the Company file a Form S-3 registration statement with respect to outstanding registrable securities if at any time the Company is eligible to use a Form S-3 registration statement; and (c) certain piggyback registration rights related to potential future equity offerings of the Company, subject to certain limitations.

NOTE 8: NET LOSS PER SHARE

The Company has stock options, performance share units, restricted stock units and options to purchase shares under its ESPP, granted under various stock incentive plans that, upon exercise and vesting, would increase shares outstanding. The Company has also issued warrants to purchase shares of the Company’s stock.

The following table sets forth the computation of basic and diluted net income (loss) per share attributable to common stockholders (in thousands, except per share data):

	Three Months Ended June 30,	
	2024	2023
Numerator:		
Net income (loss) attributable to common stockholders used in basic earnings per share	$ (20,820)	$ (9,142)
Add back: Excluded (gain) loss on assumed exercise of liability-classified common stock warrants during the period	—	—
Net loss attributable to common stockholders used in diluted earnings per share	$ (20,820)	$ (9,142)
Denominator:		
Weighted average common shares outstanding used in basic earnings per share	95,850	93,673
Incremental common shares from:		
Assumed exercise of dilutive warrants	—	38
Weighted average common shares outstanding used in diluted earnings per share	95,850	93,711
Net income (loss) per share attributable to common stockholders - Basic	$ (0.22)	$ (0.10)
Net income (loss) per share attributable to common stockholders - Diluted	$ (0.22)	$ (0.10)

The dilutive impact related to common stock from restricted stock units and warrants is determined by applying the treasury stock method to the assumed vesting of outstanding restricted stock units and the exercise of outstanding warrants. The dilutive impact related to common stock from contingently issuable performance share units is determined by applying a two-step approach using both the contingently issuable share guidance and the treasury stock method.

The following outstanding stock-based instruments which are comprised of performance share units, restricted stock units, and warrants were excluded from the calculation of diluted net loss per share because their effect would have been anti-dilutive (in thousands):

Three Months Ended June 30,	
2024	**2023**
15,006	7,042

The Company had outstanding market based restricted stock units as of June 30, 2024 that were eligible to vest into shares of common stock subject to the achievement of certain stock price targets in addition to a time-based vesting period. These contingently issuable shares are excluded from the computation of diluted earnings per share if, based on current period results, the shares would not be issuable if the end of the reporting period were the end of the contingency period. There were 0.3 million shares of contingently issuable market-based restricted stock units that were excluded from the table above as the market conditions were not satisfied as of June 30, 2024.

NOTE 9: INCOME TAXES

The effective tax rate for the three months ended June 30, 2024 and 2023 was (1.1)% and (6.2)%, respectively. The effective tax rates differed from the federal statutory tax rate of 21% during each of these periods due primarily to unbenefited losses experienced in jurisdictions with valuation allowances on deferred tax assets as well as the forecasted mix of earnings in domestic and international jurisdictions.

As of June 30, 2024, including interest and penalties, the Company had $ 90.0 million of unrecognized tax benefits, $ 77.6 million of which, if recognized, would favorably affect the effective tax rate without consideration of the valuation allowance. As of June 30, 2024, the Company had accrued interest and penalties related to these unrecognized tax benefits of $1.3 million. The Company recognizes interest and penalties related to income tax matters in the income tax provision in the condensed consolidated statements of operations. As of June 30, 2024, $82.7 million of unrecognized tax benefits were recorded as a contra deferred tax asset in other long-term assets in the condensed consolidated balance sheets and $7.3 million (including interest and penalties) were recorded in other long-term liabilities in the condensed consolidated balance sheets. During the next 12 months, it is reasonably possible that approximately $12.7 million of tax benefits, inclusive of interest and penalties, that are currently unrecognized could be recognized as a result of the expiration of applicable statutes of limitations. Upon recognition of the tax benefit related to the expiring statutes of limitation, $11.8 million will be offset by the establishment of a related valuation allowance. The net tax benefit recognized in the statements of operation is estimated to be $0.9 million.

NOTE 10: COMMITMENTS AND CONTINGENCIES

Commitments to Purchase Inventory

The Company uses contract manufacturers for its manufacturing operations. Under these arrangements, the contract manufacturer procures inventory to manufacture products based upon the Company’s forecast of customer demand. The Company has similar arrangements with certain other suppliers. The Company is responsible for the financial impact on the supplier or contract manufacturer of any reduction or product mix shift in the forecast relative to materials that the third party had already purchased under a prior forecast. Such a variance in forecasted demand could require a cash payment for inventory in excess of current customer demand or for costs of excess or obsolete inventory. As of June 30, 2024, the Company had issued non-cancelable commitments for $29.7 million to purchase inventory from its contract manufacturers and suppliers.

Legal Proceedings

Arrow Electronics Matter

On July 27, 2023, Arrow Electronics, Inc. (“Arrow Electronics”), an electronics component distributor filed a lawsuit in a federal court in the Northern District of California against Quantum, alleging breach of contract and breach of the covenant of good faith and fair dealing, seeking, among other things just over $4.6 million in damages. Quantum has filed a responsive pleading disputing Arrow Electronics' claims and plans to aggressively defend itself against them. Written and oral discovery is substantially complete. At this time, Quantum believes the probability that this lawsuit will have a material adverse effect on our business, operating results, or financial condition is remote.

Other Commitments

Additionally, from time to time, the Company is a party to various legal proceedings and claims arising from the normal course of business activities. Based on current available information, the Company does not expect that the ultimate outcome of any currently pending unresolved matters, individually or in the aggregate, will have a material adverse effect on the Company's results of operations, cash flows or financial position.

NOTE 11: FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's assets, measured and recorded at fair value on a recurring basis, may consist of money market funds which are included in cash and cash equivalents in the Condensed Consolidated Balance Sheets and are valued using quoted market prices (level 1 fair value measurements) at the respective balance sheet dates.

No impairment charges were recognized for non-financial assets in the three months ended June 30, 2024 and 2023. The Company has no non-financial liabilities measured and recorded at fair value on a non-recurring basis.

Long-term Debt

The Company's financial liabilities were comprised primarily of long-term debt at June 30, 2024. The Company uses significant other observable market data or assumptions (Level 2 inputs as defined in the accounting guidance) that it believes market participants would use in pricing debt.

The carrying value and fair value of the Company's financial liabilities were primarily comprised of the following (in thousands):

	June 30,			
	2024		2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Term Loan	$ 75,846	$ 64,807	$ 78,417	$ 78,417
PNC Credit Facility	35,800	24,743	17,300	17,300

NOTE 12: SUBSEQUENT EVENTS

On July 11, 2024, the Company entered into amendments to the Credit Agreements which, among other things, delayed the testing of the Company’s June 30, 2024 net leverage ratio financial covenant until July 31, 2024. In connection with the amendments, the Company issued the Term Loan lenders (the “July 2024 Warrants”) to purchase an aggregate of 1,000,000 shares of the Company’s common stock at a purchase price of $ 0.41.

On August 13, 2024, the Company entered into amendments to the Credit Agreements (the “August 2024 Amendments”) which, among other things, (i) waived compliance with the June 30, 2024 net leverage ratio financial covenant; (ii) waived any non-compliance with the minimum liquidity financial covenant through the date of the amendments; (iii) removed the fixed charges coverage ratio financial covenant until the fiscal quarter ending September 30, 2025; (iii) waived the testing requirement for the net leverage financial covenant for the fiscal quarter ending September 30, 2024; (iv) replaced the net leverage financial covenant with a minimum EBITDA financial covenant for the fiscal quarters ending December 31, 2024 and March 31, 2025; (v) reset the net leverage financial covenant requirements for the fiscal quarters ending June 30, 2025 and September 30, 2025; reduced the minimum liquidity covenant to $10 million through September 30, 2025; (vi) adjusted the applicable interest rates on the Term Loan and PNC Credit Facility; (vii) removed required 2021 Term Loan principal amortization until the fiscal quarter ending September 30, 2025; (viii) repriced certain Lender Warrants.

In connection with the August 2024 Amendments, the Company received additional available Term Loan borrowing capacity with a commitment of up to $26.3 million ($25.0 million after original issuance discount) structured as a senior secured delayed draw sub-facility with a commitment period expiring on October 31, 2024 (the “August 2024 Term Loan”). The Company borrowed $10.5 million at closing. Borrowings under the August 2024 Term Loan have an August 5, 2026 maturity date which aligns with the Term Debt. Principal is payable at a rate per annum equal to 5% of the original principal balance thereof payable quarterly beginning the quarter ending September 30, 2025. In connection with the August 2024 Term Loan, the Company issued warrants to purchase an aggregate of 7,610,190 shares of the Company’s common stock, at an exercise price of $ 0.31 per share.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis compares the change in the consolidated financial statements for quarters ending June 30 2024 and June 30, 2023 and should be read together with our consolidated financial statements, the accompanying notes, and other information included in this Quarterly Report. In particular, the risk factors contained in Part II, Item 1A may reflect trends, demands, commitments, events, or uncertainties that could materially impact our results of operations and liquidity and capital resources. For comparisons of quarters ended June 30, 2023 and June 30, 2022, see our Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 2 of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, filed with the SEC on August 8, 2023, and incorporated herein by reference.

The following discussion contains forward-looking statements, such as statements regarding anticipated impacts on our business, our future operating results and financial position, our business strategy and plans, our market growth and trends, and our objectives for future operations. Please see "Note Regarding Forward-Looking Statements" for more information about relying on these forward-looking statements.

OVERVIEW

We are a technology company whose mission is to deliver innovative solutions to organizations across the world. We design, manufacture and sell technology and services that help customers capture, create and share digital content, and protect it for decades. We specialize in solutions for unstructured data including video, images, audio, and other large files. We emphasize innovative technology in the design and manufacture of our products to help our customers unlock the value in their video and unstructured data in new ways to solve their most pressing business challenges.

We generate revenue by designing, manufacturing, and selling technology and services. Our most significant expenses are related to compensating employees; designing, manufacturing, marketing, and selling our products and services; data center costs in support of our cloud-based services; and interest associated with our long-term debt and income taxes.

Macroeconomic Conditions

We continue to actively monitor, evaluate and respond to the current uncertain macro environment, including the impact of higher interest rates, inflation, lingering supply chain challenges, and a stronger U.S. dollar. During the quarter we continued to experience longer sales cycle for opportunities with our enterprise as well as commercial customers.

The macro environment remains unpredictable and our past results may not be indicative of future performance.

RESULTS OF OPERATIONS

	Three Months Ended June 30,	
(in thousands)	2024	2023
Total revenue	$ 71,343	$ 92,495
Total cost of revenue [1]	45,208	56,854
Gross profit	26,135	35,641
Operating expenses		
Sales and marketing [1]	13,295	15,839
General and administrative [1]	21,065	12,699
Research and development [1]	8,308	10,913
Restructuring charges	1,192	1,329
Total operating expenses	43,860	40,780
Loss from operations	(17,725)	(5,139)
Other expense	(41)	(998)
Interest expense	(3,790)	(3,201)
Change in fair value of warrant liabilities	1,666	726
Loss on debt extinguishment, net	(695)	—
Net loss before income taxes	(20,585)	(8,612)
Income tax provision	235	530
Net loss	$ (20,820)	$ (9,142)

[1] Includes stock-based compensation as follows:

	Three Months Ended June 30,	
(in thousands)	2024	2023
Cost of revenue	$ 190	$ 192
Research and development	188	422
Sales and marketing	88	467
General and administrative	459	820
Total	$ 925	$ 1,901

Comparison of the Three Months Ended June 30, 2024 and 2023

Revenue

(dollars in thousands)	Three Months Ended June 30, 2024	% of revenue	2023	% of revenue	$ Change	% Change
Product revenue	$ 40,994	58	$ 58,577	64	$ (17,583)	(30)
Service and subscription	27,447	38	30,953	33	(3,506)	(11)
Royalty	2,902	4	2,965	3	(63)	(2)
Total revenue	$ 71,343	100	$ 92,495	100	$ (21,152)	(23)

Product revenue

In the three months ended June 30, 2024, product revenue decreased $17.6 million, or 30%, as compared to the same period in 2023. The primary driver of the decrease was a $20 million decrease in demand from our large hyperscale customers, as well as more general decreases in the overall tape market with declines in media and devices revenue. Outside of the Tape and Hyperscale business, our remaining Secondary and Primary storage systems are also offered as a subscription. We expect the product revenue portion of our Primary and Secondary storage systems to decrease as we continue to transition to subscription-based offerings.

Service revenue

Service and subscription revenue decreased 3.5 million, or 11%, in the three months ended June 30, 2024 compared to the same period in 2023, partially driven by certain long-lived products reaching their end-of-service-life, partially offset by new support bookings and the transition towards subscription-based licensing.

Royalty revenue

We receive royalties from third parties that license our linear-tape open (“LTO”) media patents through our membership in the LTO consortium. Royalty revenue decreased $0.1 million, or 2%, in the three months ended June 30, 2024 compared to the same period in 2023 due to decreased market volume of older generation LTO media.

Gross Profit and Margin

(dollars in thousands)	Three Months Ended June 30, 2024	Gross margin %	2023	Gross margin %	$ Change	Basis point change
Product	$ 8,439	20.6	$ 14,126	24.1	$ (5,687)	(350)
Service and subscription	14,794	53.9	18,550	59.9	(3,756)	(600)
Royalty	2,902	100.0	2,965	100.0	(63)	—
Gross profit	$ 26,135	36.6	$ 35,641	38.5	$ (9,506)	(190)

Product Gross Margin

Product gross margin decreased to 20.6% or by 350 basis points for the three months ended June 30, 2024, as compared with the same period in 2023. This decrease was primarily due to a less favorable mix of revenues, weighted towards our lower margin product lines, which were partially offset from improvements in our operational efficiency and logistics costs.

Service and Subscription Gross Margin

Service and subscription gross margins decreased 600 basis points for the three months ended June 30, 2024, as compared with the same period in 2023. This decrease was primarily driven by lower service revenues.

Royalty Gross Margin

Royalties do not have significant related cost of sales.

Operating expenses

(dollars in thousands)	Three Months Ended June 30, 2024	% of revenue	2023	% of revenue	$ Change	% Change
Sales and marketing	$ 13,295	18.6	$ 15,839	17.1	$ (2,544)	(16)
General and administrative	21,065	29.5	12,699	13.7	8,366	66
Research and development	8,308	11.6	10,913	11.8	(2,605)	(24)
Restructuring charges	1,192	1.7	1,329	1.4	(137)	(10)
Total operating expenses	$ 43,860	61.5	$ 40,780	44.1	$ 3,080	8

In the three months ended June 30, 2024, sales and marketing expense decreased $2.5 million, or 16%, as compared with the same period in 2023. This decrease was primarily driven by improved operational efficiency and increased leverage from our channel.

In the three months ended June 30, 2024, general and administrative expense increased $8.4 million, or 66%, as compared with the same period in 2023. This increase was primarily driven by non-recurring costs related to our previously announced restatement of our historical financial statements, and other related projects.

In the three months ended June 30, 2024, research and development expense decreased $2.6 million, or 24%, as compared with the same period in 2023. This decrease was the result of the continued consolidation of acquisition costs, and efficiencies realized through improved organization design.

In the three months ended June 30, 2024, restructuring expenses decreased $0.1 million as compared with the same period in 2023. The decrease was the result of cost reduction initiatives.

Other expense

(dollars in thousands)	Three Months Ended June 30, 2024	% of revenue	2023	% of revenue	$ Change	% Change
Other expense	$ (41)	0	$ (998)	(1)	$ 957	96

The change in other income (expense), net during the three months ended June 30, 2024 compared with the same period in 2023 was related primarily to fluctuations in foreign currency exchange rates during the three months ended June 30, 2024.

Interest expense

(dollars in thousands)	Three Months Ended June 30, 2024	% of revenue	2023	% of revenue	$ Change	% Change
Interest expense	$ (3,790)	5	$ (3,201)	3	$ (589)	(18)

In the three months ended June 30, 2024, interest expense increased $0.6 million, or 18%, as compared with the same period in 2023 due to a principal balance and interest rate on our Term Loan.

Loss on debt extinguishment

(dollars in thousands)	Three Months Ended June 30,					
	2024	% of revenue	2023	% of revenue	$ Change	% Change
Loss on debt extinguishment	$ (695)	1	$ —	—	$ (695)	100

In the three months ended June 30, 2024, loss on debt extinguishment of $0.7 million was related to prepayment of our Term Loan.

Warrant liabilities

(dollars in thousands)	Three Months Ended June 30,					
	2024	% of revenue	2023	% of revenue	$ Change	% Change
Change in fair value of warrant liabilities	$ 1,666	2	$ 726	—	$ 940	129

In June 30, 2024, the change in fair value of warrant liabilities increased $0.9 million, or 129%, as compared with the same period in 2023 due to a lower average stock price in the first fiscal quarter of 2024.

Income taxes

(dollars in thousands)	Three Months Ended June 30,					
	2024	% of pretax income	2023	% of pretax income	$ Change	% Change
Income tax provision	$ 235	(1)	$ 530	(6)	$ (295)	(56)

The income tax provision for the three months ended June 30, 2024 and 2023 is primarily influenced by foreign and state income taxes. Due to our history of net losses in the United States, the protracted period for utilizing tax attributes in certain foreign jurisdictions, and the difficulty in predicting future results, we believe that we cannot rely on projections of future taxable income to realize most of our deferred tax assets. Accordingly, we have established a full valuation allowance against our U.S. and certain foreign net deferred tax assets. Significant management judgement is required in assessing our ability to realize any future benefit from our net deferred tax assets. We intend to maintain this valuation allowance until sufficient positive evidence exists to support its reversal. Our income tax expense recorded in the future will be reduced to the extent that sufficient positive evidence materializes to support a reversal of, or decrease in, our valuation allowance.

LIQUIDITY AND CAPITAL RESOURCES

We consider liquidity in terms of the sufficiency of internal and external cash resources to fund our operating, investing and financing activities. Our principal sources of liquidity include cash from operating activities, cash and cash equivalents on our balance sheet and amounts available under our credit facility with PNC Bank, National Association (as amended from time to time, the “PNC Credit Facility”) pursuant to the Amended Restated Revolving Credit and Security Agreement dated December 27, 2018. We require significant cash resources to meet obligations to pay principal and interest on our outstanding debt, provide for our research and development activities, fund our working capital needs, and make capital expenditures. Our future liquidity requirements will depend on multiple factors, including our research and development plans and capital asset needs.

We had cash and cash equivalents of $17.3 million as of June 30, 2024, which consisted primarily of bank deposits and money market accounts. As of June 30, 2024, our total outstanding Term Loan debt was $75.8 million and out outstanding PNC Credit Facility was $35.8 million with $0.1 million available to borrow.

We are subject to various debt covenants under our debt agreements. Our failure to comply with our debt covenants could materially and adversely affect our financial condition and ability to service our obligations. On August 13, 2024 the Company entered into amendments to the Credit Agreements, which, among other things, (i) waived compliance with the June 30, 2024 net leverage ratio financial covenant; (ii) waived any non-compliance with the minimum liquidity financial covenant through the date of the amendments; (iii) removed the fixed charges coverage ratio financial covenant until the fiscal quarter ending September 30, 2025; (iii) waived the testing requirement for the net leverage financial covenant for the fiscal quarter ending September 30, 2024; (iv) replaced the net leverage financial covenant with a minimum EBITDA financial covenant for the fiscal quarters ending December 31, 2024 and March 31, 2025; (v) reset the net leverage financial covenant requirements for the fiscal quarters ending June 30, 2025 and September 30, 2025; reduced the minimum liquidity covenant to $10 million through September 30, 2025; (vi) adjusted the applicable interest rates on the Term Loan and PNC Credit Facility; (vii) removed required 2021 Term Loan principal amortization until the fiscal quarter ending September 30, 2025; (viii) repriced certain Lender Warrants.We believe we were in compliance with all covenants under our debt agreements as of the date of filing of this Quarterly Report on Form 10-Q.

In connection with the August 2024 Amendments, the Company received additional available Term Loan borrowing capacity with a commitment of up to $26.3 million ($25.0 million after original issuance discount) structured as a senior secured delayed draw sub-facility with a commitment period expiring on October 31, 2024 (the “August 2024 Term Loan”). The Company borrowed $10.5 million at closing. Borrowings under the August 2024 Term Loan have an August 5, 2026 maturity date which aligns with the Term Debt. Principal is payable at a rate per annum equal to 5% of the original principal balance thereof payable quarterly beginning the quarter ending September 30, 2025. In connection with the August 2024 Term Loan, the Company issued warrants to purchase an aggregate of 7,610,190 shares of the Company’s common stock, at an exercise price of $0.31 per share.

For additional information about our debt, see the sections entitled “Risk Factors—Risks Related to Our Business Operations” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources” in our Annual Report on Form 10-K for the fiscal year ended March 31, 2024.

Cash Flows

The following table summarizes our consolidated cash flows for the periods indicated.

	Three Months Ended June 30,	
(in thousands)	**2024**	**2023**
Cash provided by (used in):		
Operating activities	$ (1,896)	$ (9,444)
Investing activities	(1,620)	(2,299)
Financing activities	(4,798)	11,235
Effect of exchange rate changes	(3)	(2)
Net increase (decrease) in cash and cash equivalents and restricted cash	$ (8,317)	$ (510)

Cash Used In Operating Activities

Net cash used in operating activities was $1.9 million for the three months ended June 30, 2024. This use of cash was primarily attributed to cash used in operations excluding changes in assets and liabilities of $16.3 million offset in part by cash provided by working capital changes.

Net cash used in operating activities was $9.4 million for the three months ended June 30, 2023. This use of cash was primarily attributable to changes in working capital of $7.2 million.

Cash Used in Investing Activities

Net cash used in investing activities was $1.6 million in the three months ended June 30, 2024, which was attributable to capital expenditures.

Net cash used in investing activities was $2.3 million in the three months ended June 30, 2023, which was primarily attributable to capital expenditures.

Cash Provided by Financing Activities

Net cash used in financing activities was $4.8 million for the three months ended June 30, 2024, which was related primarily to borrowings on our PNC Credit Facility.

Net cash provided by financing activities was $11.2 million in the three months ended June 30, 2023, which was related primarily to borrowings on our Term Loan of $12.9 million.

Commitments and Contingencies

Our contingent liabilities consist primarily of certain financial guarantees, both express and implied, related to product liability and potential infringement of intellectual property. We have little history of costs associated with such indemnification requirements and contingent liabilities associated with product liability may be mitigated by our insurance coverage. In the normal course of business to facilitate transactions of our services and products, we indemnify certain parties with respect to certain matters, such as intellectual property infringement or other claims. We also have indemnification agreements with our current and former officers and directors. It is not possible to determine the maximum potential amount under these indemnification agreements due to the limited history of our indemnification claims, and the unique facts and circumstances involved in each particular agreement. Historically, payments made by us under these agreements have not had a material impact on our operating results, financial position or cash flows.

We are also subject to ordinary course litigation.

Off Balance Sheet Arrangements

Except for the indemnification commitments described under "—Commitments and Contingencies" above, we do not currently have any other off-balance sheet arrangements and do not have any holdings in variable interest entities.

Contractual Obligations

We have contractual obligations and commercial commitments, some of which, such as purchase obligations, are not recognized as liabilities in our financial statements. There have not been any other material changes to the contractual obligations disclosed in our Annual Report on Form 10-K for the fiscal year ended March 31, 2024.

Critical Accounting Estimates and Policies

The preparation of our consolidated financial statements in accordance with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes included elsewhere in this Quarterly Report on Form 10-Q. On an ongoing basis, we evaluate estimates, which are based on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. We consider certain accounting policies to be critical to understanding our financial statements because the application of these policies requires significant judgment on the part of management, which could have a material impact on our financial statements if actual performance should differ from historical experience or if our assumptions were to change. Our accounting policies that include estimates that require management's subjective or complex judgments about the effects of matters that are inherently uncertain are summarized in our most recently filed Annual Report on Form 10-K for the fiscal year ended March 31, 2024 under the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates and Policies." For additional information on our significant accounting policies, see Note 1 to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Recently Issued and Adopted Accounting Pronouncements

See Note 1 to the notes to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q and in our most recently filed Annual Report on Form 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to our quantitative and qualitative disclosures about market risk from those described under "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our most recent Annual Report on Form 10-K, which such section is incorporated herein by reference.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive and principal financial officers, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934), as of the end of the period covered by this Quarterly Report. Based on such evaluation, our principal executive and principal financial officers have concluded that as of such date, our disclosure controls and procedures were not effective at the reasonable assurance level as the material weaknesses in internal control over financial reporting as of March 31, 2024, described in Part II, Item 9A, "Controls and Procedures" of the Annual Report, had not been remediated as of June 30, 2024.

Notwithstanding the identified material weaknesses, management, including our chief executive officer and chief financial officer have determined, that the condensed consolidated financial statements included in this Form 10-Q fairly represent in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, for the periods presented in accordance with U.S. generally accepted accounting principles.

Remediation Plan

The Company is committed to maintaining a strong internal control environment and believes the remediation efforts, as described in Part II, Item 9A, "Controls and Procedures" of the Annual Report, will represent significant improvements in its controls over the control environment. These steps will take time to be fully implemented and confirmed to be effective and sustainable. Additional controls may also be required over time. While the Company believes that these efforts will improve its internal control over financial reporting, the Company will not be able to conclude whether the steps the Company is taking will remediate the material weakness in internal control over financial reporting until a sufficient period has passed to allow management to test the design and operational effectiveness of the new and enhanced controls. Until the remediation steps set forth above are fully implemented and tested, the material weaknesses will continue to exist.

Changes in Internal Control

In addition to working on the remediation plan to address the identified material weaknesses, the Company implemented a new Enterprise Resource Planning ("ERP") system during the quarter ended June 30, 2024. The implementation of the ERP system is expected to improve the accuracy, efficiency, and reliability of our financial reporting processes and enhance the effectiveness of our internal controls over financial reporting. Except for these items, in connection with the evaluation required by Rule 13a-15(d) under the Securities Exchange Act of 1934, there were no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls

Our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See Note 10, Commitments and Contingencies, of the notes to the unaudited condensed consolidated financial statements for a discussion of our legal matters.

ITEM 1A. RISK FACTORS

There have been no material changes to the previously disclosed risk factors discussed in “Part I, Item 1A, Risk Factors” in our Annual Report on Form 10-K for the year ended March 31, 2024. You should consider carefully these factors, together with all of the other information in this Quarterly Report on Form 10-Q, including our unaudited condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q, before making an investment decision.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Arrangement

During the period covered by this Quarterly Report on Form 10-Q, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

The exhibits required to be filed or furnished as part of this Quarterly Report are listed below. Notwithstanding any language to the contrary, exhibits 32.1 and 32.2 shall not be deemed to be filed as part of this Quarterly Report for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or deemed to be incorporated by reference into any filing under the Exchange Act or the Securities Act of 1933, except to the extent that the Company specifically incorporates it by reference.

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed or Furnished Herewith
		Form	Filing Date	Exhibit	
4.1	Form of Warrant to purchase Common Stock, dated May 24, 2024	8-K	5/29/24	4.1	
4.2	Warrants to Purchase Common Stock, dated May 24th 2024, issued to OC III LVS XL LP	8-K	5/29/24	4.2	
10.1	Eighth Amendment and Waiver dated May 24, 2024 to Term Loan Credit and Security Agreement dated August 5, 2021 by and among the Company, Quantum LTO Holdings, LLC, the borrowers and guarantors party thereto, the lenders party thereto, and Blue Torch Finance LLC	8-K	5/29/24	10.1	
10.2	Fourteenth Amendment dated May 24, 2024 to Amended and Restated Revolving Credit and Security Agreement dated December 27, 2018 by and among the Company, Quantum LTO Holdings, LLC, Square Box Systems Limited, the borrowers and guarantors party thereto, the lenders party thereto, and PNC Bank National Association	8-K	5/29/24	10.2	
10.3#	Offer Letter dated June 5, 2023 by and between the Company and Todd W. Arden	8-K	6/10/24	10.1	
10.4#	Offer Letter dated June 5, 2023 by and between the Company and John R. Tracy	8-K	6/18/24	10.1	
31.1	Certification of the Principal Executive Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002				X
31.2	Certification of the Principal Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002				X
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley act of 2002				X
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley act of 2002				X
101.SCH	XBRL Taxonomy Extension Schema Document				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				X
104	Cover page interactive data file, submitted using inline XBRL (contained in Exhibit 101)				X

# Indicates management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	Quantum Corporation (Registrant)
August 14, 2024 (Date)	/s/ James J. Lerner James J. Lerner President, Chief Executive Officer and Chairman of the Board (Principal Executive Officer)
August 14, 2024 (Date)	/s/ Kenneth P. Gianella Kenneth P. Gianella Chief Financial Officer (Principal Financial Officer)

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, James J. Lerner, certify that:

1) I have reviewed this Quarterly Report on Form 10-Q of Quantum Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date August 14, 2024

/s/ James J. Lerner

James J. Lerner
President, Chief Executive Officer and Chairman of the Board
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302(a)
OF THE SARBANES-OXLEY ACT OF 2002

I, Kenneth P. Gianella, certify that:

1) I have reviewed this Quarterly Report on Form 10-Q of Quantum Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 14, 2024

ıneth P. Gianella
th P. Gianella
Financial Officer
ɔal Financial Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

I, James J. Lerner, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Quantum Corporation, on Form 10-Q for the quarterly period ended June 30, 2024, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Quantum Corporation.

Date August 14, 2024

/s/ James J. Lerner

James J. Lerner
President, Chief Executive Officer and Chairman of the Board
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

I, Kenneth P. Gianella, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Quantum Corporation, on Form 10-Q for the quarterly period ended June 30, 2024, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects he financial condition and results of operations of Quantum Corporation.

Date August 14, 2024

/s/ Kenneth P. Gianella

Kenneth P. Gianella
Chief Financial Officer
(Principal Financial Officer)