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, 2025
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.)
10770 E. Briarwood Avenue **Centennial CO**	**80112**
(Address of Principal Executive Offices)	(Zip Code)

(408) 944-4000
Registrant's telephone number, including area code

224 Airport Parkway, Suite 550, San Jose, CA 95110
(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	x	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).	x	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.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	x	Smaller reporting company	x
		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 financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of the close of business on September 9, 2025 there were 13,319,249 shares of Quantum Corporation’s common stock issued and outstanding.

QUANTUM CORPORATION
QUARTERLY REPORT ON FORM 10-Q
For the Quarter Ended June 30, 2025

Table of Contents

As used in this Quarterly Report on Form 10-Q, the terms "Quantum," the “Company,” "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 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 legal proceedings, claims and disputes; the ability to meet stock exchange continued listing standards; the possibility that Nasdaq may delist our securities; risks related to our restatement and revisions to financial statements; risks related to our ability to implement and maintain effective internal control over financial reporting in the future; risks related to changes in our management; and those risks described under Part II, 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, 2025	March 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 37,404	$ 16,464
Restricted cash	143	139
Accounts receivable, net of allowance for credit losses of $100 and $99, respectively	48,445	52,502
Manufacturing inventories	18,507	20,336
Service parts inventories	1,523	2,098
Prepaid expenses	3,763	2,738
Other current assets	8,658	8,529
Total current assets	118,443	102,806
Property and equipment, net	11,025	11,378
Goodwill	12,969	12,969
Intangible assets, net	51	281
Right-of-use assets	8,314	8,580
Other long-term assets	18,352	19,388
Total assets	$ 169,154	$ 155,402
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	$ 26,824	$ 31,463
Accrued compensation	10,250	9,214
Deferred revenue, current portion	69,675	75,076
Accrued restructuring	1,779	786
Term debt	96,713	96,486
Revolving credit facility	—	26,600
Other accrued liabilities	18,511	17,982
Total current liabilities	223,752	257,607
Deferred revenue, net of current portion	36,580	38,847
Operating lease liabilities	8,787	8,934
Other long-term liabilities	14,421	14,380
Total liabilities	283,540	319,768
Commitments and contingencies (Note 10)		
Stockholders' deficit		
Preferred stock, 20,000 shares authorized; no shares issued and outstanding	—	—
Common stock, $0.01 par value; 225,000 shares authorized; 13,319 and 6,962 shares issued and outstanding	133	70
Additional paid-in capital	846,046	779,645
Accumulated deficit	(959,677)	(942,471)
Accumulated other comprehensive loss	(888)	(1,610)
Total stockholders' deficit	(114,386)	(164,366)
Total liabilities and stockholders' deficit	$ 169,154	$ 155,402

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,	
	2025	**2024**
Revenue:		
Product	$ 37,535	$ 42,652
Service and subscription	24,943	26,711
Royalty	1,808	2,902
Total revenue	64,286	72,265
Cost of revenue:		
Product	30,745	32,555
Service and subscription	10,829	12,653
Total cost of revenue	41,574	45,208
Gross profit	22,712	27,057
Operating expenses:		
Sales and marketing	12,655	13,295
General and administrative	13,569	21,065
Research and development	6,661	8,308
Restructuring charges	2,423	1,192
Total operating expenses	35,308	43,860
Loss from operations	(12,596)	(16,803)
Other income (expense), net	(430)	(41)
Interest expense	(6,516)	(3,790)
Change in fair value of warrant liabilities	—	1,666
Gain (loss) on debt extinguishment	2,559	(695)
Net loss before income taxes	(16,983)	(19,663)
Income tax provision	223	235
Net loss	$ (17,206)	$ (19,898)
Net loss per share - basic and diluted	$ (1.87)	$ (4.15)
Weighted average shares - basic and diluted	9,187	4,792
Net loss	$ (17,206)	$ (19,898)
Foreign currency translation adjustments, net	722	142
Total comprehensive loss	$ (16,484)	$ (19,756)

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended June 30,	
	2025	**2024**
Operating activities		
Net loss	$ (17,206)	$ (19,898)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	1,032	1,780
Amortization of debt issuance costs	2,075	804
Noncash lease expense	343	464
Gain (loss) on debt extinguishment	(2,559)	695
Provision for product and manufacturing inventories	2,701	407
Stock-based compensation	(529)	925
Paid in kind interest	1,758	684
Change in fair value of warrant liabilities	—	(1,666)
Other non-cash	1,201	(409)
Changes in assets and liabilities:		
Accounts receivable, net	4,043	6,346
Manufacturing inventories	(783)	(1,325)
Service parts inventories	486	1,475
Prepaid expenses	(1,024)	(1,694)
Operating lease liabilities	(283)	(87)
Accounts payable	(4,484)	6,828
Accrued compensation	1,036	(2,123)
Accrued restructuring charges	993	404
Deferred revenue	(7,668)	(6,048)
Other current assets	840	98
Other current liabilities	1,137	10,444
Net cash used in operating activities	(16,891)	(1,896)
Investing activities		
Purchases of property and equipment	(1,192)	(1,620)
Net cash used in investing activities	(1,192)	(1,620)
Financing activities		
Borrowings of long-term debt, net of debt issuance costs	—	—
Repayments of long-term debt	(909)	(13,537)
Borrowings of credit facility	71,625	105,568
Repayments of credit facility	(98,682)	(96,829)
Proceeds from shares issued related to the SEPA, net	66,993	—
Net cash provided by financing activities	39,027	(4,798)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	—	(3)
Net change in cash, cash equivalents and restricted cash	20,944	(8,317)
Cash, cash equivalents, and restricted cash at beginning of period	16,603	25,860
Cash, cash equivalents, and restricted cash at end of period	$ 37,547	$ 17,543

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the statement of cash flows:

	2025	2024
Cash and cash equivalents	37,404	$ 17,287
Restricted cash, current	143	256
Cash, cash equivalents and restricted cash at the end of period	$ 37,547	$ 17,543
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 2,987	$ 2,134
Cash paid for income taxes, net	$ 141	$ 495
Non-cash transactions		
Purchases of property and equipment included in accounts payable	$ 105	$ (135)
Right-of-use assets obtained in exchange for new lease liabilities	$ —	$ 231

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, 2024	4,792	$ 48	$ 708,027	$ (827,380)	$ (2,193)	$ (121,498)
Net loss	—	—	—	(19,898)	—	(19,898)
Foreign currency translation adjustments, net	—	—	—	—	142	142
Stock-based compensation	—	—	925	—	—	925
Balance, June 30, 2024	4,792	$ 48	$ 708,952	$ (847,278)	$ (2,051)	$ (140,329)
Balance, March 31, 2025	6,962	$ 70	$ 779,645	$ (942,471)	$ (1,610)	$ (164,366)
Net loss	—	—	—	(17,206)	—	(17,206)
Foreign currency translation adjustments, net	—	—	—	—	722	722
Shares issued under employee incentive plans, net	37	—	—	—	—	—
Shares issued related to the SEPA, net	6,320	63	66,930	—	—	66,993
Stock-based compensation	—	—	(529)	—	—	(529)
Balance, June 30, 2025	13,319	$ 133	$ 846,046	$ (959,677)	$ (888)	$ (114,386)

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, to solid state drives, hard disk drives, 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, direct marketing resellers, original equipment manufacturers 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 Annual Report on Form 10-K for the fiscal year ended March 31, 2025 (the "Annual Report").

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, 2025, the results of operations and comprehensive loss, statements of cash flows, and changes in stockholders' deficit for the three months ended June 30, 2025 and 2024. Interim results are not necessarily indicative of full year performance because of short-term variations.

Revision of Previously Issued Financial Statements for Immaterial Misstatements

In connection with the preparation of the Company's Quarterly Report on Form 10-Q for the three months ended June 30, 2025, the Company identified that certain previously disclosed errors—which resulted in a restatement of the financial statements for the quarter ended December 31, 2024, as filed in the Annual Report also affected the financial statements for the quarter ended June 30, 2024.

The impact of these errors on the quarter ended June 30, 2024 was evaluated in accordance with SEC Staff Accounting Bulletins No. 99 and 108 and was determined to be immaterial to the previously issued financial statements. Accordingly, the Company has revised, rather than restated, the comparative financial information for June 30, 2024 presented in this Quarterly Report on Form 10-Q.

The nature of the revisions is as follows:

- Service contract term – The Company identified inconsistencies in the contract term used to recognize service and subscription revenue under ASC 606. Revenue is required to be deferred and recognized ratably over the contractual term of the arrangement. Management reviewed and updated the revenue recognition periods to ensure consistent application for all relevant contracts invoiced during the fiscal year ended March 31, 2025. These adjustments have been reflected in the revenue calculations presented herein.

- Application of ASC 606 related to standalone selling price ("SSP") – The Company determined that the standalone selling prices used during the fiscal year ended March 31, 2025 had not been appropriately updated. As a result, the Company refreshed the SSPs for all performance obligations in bundled contracts, maximizing the use of observable inputs. This adjustment resulted in changes to the allocation of transaction price and corresponding revenue recognition.

For further discussion of the restatement of the financial statements for the quarter ended December 31, 2024, refer to the Annual Report.

Reverse Stock Split

On August 15, 2024, the Company's stockholders approved an amendment to the Company's Amended and Restated Certificate of Incorporation to effect a reverse stock split of the issued shares of the Company's common stock, par value $0.01 per share (the "Common Stock"), at a ratio ranging from 1 share-for-5 shares up to a ratio of 1-for-20 shares, with the exact ratio, if any, to be selected by the board of directors (the "Board"). On August 15, 2024, the Board approved a 1-for-20 reverse stock split (the "Reverse Stock Split") of the Common Stock. The Reverse Stock Split became effective as of August 26, 2024 at 4:01 p.m., Eastern Time (the "Effective Time"). At the Effective Time, every twenty issued shares of Common Stock were automatically reclassified into one issued share of Common Stock, with any fractional shares resulting from the Reverse Stock Split rounded up to the nearest whole share. The number of outstanding shares of Common Stock was reduced from approximately 95.9 million shares to approximately 4.8 million shares.

All share and per share amounts for Common Stock in these condensed consolidated financial statements and notes thereto have been retroactively adjusted for all periods presented to give effect to the Reverse Stock Split.

Going Concern

These condensed consolidated financial statements have been prepared in accordance with GAAP assuming the Company will continue as a going concern. The going concern assumption contemplates the realization of assets and satisfaction of liabilities in the normal course of business. However, substantial doubt about the Company's ability to continue as a going concern exists.

The Company expects to be in violation of the net leverage ratio financial covenant under the Term Loan (as defined herein) for the quarter ended December 31, 2025. Under the terms of the agreement, certain proceeds from the Standby Equity Purchase Agreement dated January 25, 2025 (the "SEPA") must also be used to repay the Term Loan. On August 13, 2025, the Company terminated its revolving credit facility agreement with PNC Bank, National Association ("PNC Bank") (as amended, the "PNC Credit Facility"). If additional waivers cannot be obtained, the Term Loan will become immediately due, requiring additional liquidity to satisfy obligations. Because covenant violations render the Term Loan currently payable, the long-term portion of the Term Loan has been reclassified as a current liability in the consolidated balance sheets as of March 31, 2025. See Note 4: *Debt* for further information on credit agreements.

Management is actively seeking covenant waivers and evaluating options to restructure or refinance the Term Loan. If a waiver is not secured, additional funding will be needed to repay the Term Loan. There is no assurance, however, that the Company will be able to obtain a waiver or obtain funding on acceptable terms, if at all.

The condensed consolidated financial statements do not include any adjustments to the carrying amounts and classification of assets, liabilities, and reported expenses that may be necessary if the Company were unable to continue as a going concern. All credit facilities are collateralized by a pledge of the Company's assets.

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.

Recent Accounting Pronouncement Not Yet Adopted

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. The Company is currently evaluating the impact of this standard on our financial statement disclosures.

In November 2024, the FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income -Expense Disaggregation Disclosures (Subtopic 220-40): *Disaggregation of Income Statement Expenses*, which requires additional disclosures of specific expense categories included within each expense caption presented on the Statements of Operations. The new standard can be applied on either a fully retrospective or prospective basis ASU 2024-03 will be effective for our fiscal year beginning April 1, 2027, and interim periods within our fiscal year beginning April 1, 2028, with early adoption permitted. The Company is currently evaluating the impact of this new standard on its financial statement disclosures.

NOTE 2: REVENUE

Contract Balances

The following table presents the Company's receivables and contract liabilities and certain information related to this balance as of June 30, 2025, March 31, 2025 and March 31, 2024 (in thousands):

	June 30, 2025	March 31, 2025	March 31, 2024
Accounts receivable	$ 48,445	$ 52,502	$ 67,788
Deferred revenue	$ 106,255	$ 113,923	$ 116,687
Revenue recognized in the period from amounts included in contract liabilities at the beginning of the period	$ 26,586	$ 74,048	$ 76,304

Remaining Performance Obligations

Total remaining performance obligations ("RPO") representing contracted but not recognized revenue was $125.2 million as of June 30, 2025. RPO consists of both deferred revenue and uninvoiced, non-cancelable contracts that are expected to be invoiced and recognized as revenue in future periods and excludes variable consideration related to sales-based royalties.

RPO consisted of the following (in thousands):

	Current	Non-Current	Total
As of June 30, 2025	$ 86,727	$ 38,428	$ 125,155

Deferred revenue consists of amounts that have been invoiced but have not yet been recognized as revenue including performance obligations pertaining to subscription services. The table below reflects the Company's deferred revenue as of June 30, 2025 (in thousands):

	Deferred revenue by period			
	Total	1 year or less	1 – 3 Years	3 year or greater
Service revenue	$ 81,969	$ 57,185	$ 22,607	$ 2,177
Subscription revenue	24,286	12,490	10,710	1,086
Balance as of June 30, 2025	$ 106,255	$ 69,675	$ 33,317	$ 3,263

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, 2025	March 31, 2025
Finished goods	$ 7,885	$ 10,471
Work in progress	1,085	380
Raw materials	9,537	9,485
Total manufacturing inventories	$ 18,507	$ 20,336

Service parts inventories

	June 30, 2025	March 31, 2025
Finished goods	$ 764	$ 1,189
Component parts	759	909
Total service parts inventories	$ 1,523	$ 2,098

Intangibles, net

	June 30, 2025			March 31, 2025		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Customer lists	$ 4,398	$ (4,347)	$ 51	$ 4,398	$ (4,117)	$ 281
Intangible assets, net	$ 4,398	$ (4,347)	$ 51	$ 4,398	$ (4,117)	$ 281

Intangible assets amortization expense was $0.2 million and $0.5 million for the three months ended June 30, 2025 and 2024, respectively. As of June 30, 2025, the remaining weighted-average amortization period for definite-lived intangible assets was approximately 0.1 years. The Company recorded amortization of developed technology in cost of product revenue, and customer lists in sales and marketing expenses in the condensed consolidated statements of operations.

Goodwill

As of June 30, 2025 and March 31, 2025, goodwill was $13.0 million. There were no impairments to goodwill as of June 30, 2025 and March 31, 2025.

Other long-term assets

	June 30, 2025	March 31, 2025
Capitalized SaaS implementation costs for internal use	$ 13,440	$ 13,910
Capitalized debt costs	2,339	2,871
Contract cost asset	1,097	1,144
Other	1,476	1,463
Total other long-term assets	$ 18,352	$ 19,388

The following table details the change in the accrued warranty balance (in thousands):

	June 30, 2025		March 31, 2025	
Beginning balance	$	1,032	$	1,545
Current period accruals		622		2,333
Adjustments to prior estimates		(19)		46
Charges incurred		(735)		(2,735)
Reclassification to long-term warranty		27		(157)
Ending balance	$	927	$	1,032

NOTE 4: DEBT

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

	June 30, 2025		March 31, 2025	
Term Loan	$	104,265	$	102,507
PNC Credit Facility		—		26,600
Less: current portion		(96,713)		(123,086)
Less: unamortized debt issuance costs [1]		(7,552)		(6,021)
Long-term debt, net	$	—	$	—

[1] The unamortized debt issuance costs related to the Term Loan are 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"), maturing on August 5, 2026. The Company also had the PNC Credit Facility (together with the Term Loan (as defined below), the "Credit Agreements"), which, per its terms, matured on August 5, 2026 and provided 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.

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 (as amended, the "2023 Term Loan" and, together 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 term of the loan. 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 0.06 million shares (the "June 2023 Warrants") of the Common Stock, at an exercise price of $20.00 per share.

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 term of the loan. 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 Amendment to the PNC Credit Facility was accounted for as a modification 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 ("February 2024 Amendments") 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. As the February 2024 Amendments were accounted for as a modification, the fees were reflected as a reduction to the carrying amount of the Term Loan and are amortized to interest expense over the remaining term of the loan. 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 further amendments to the Credit Agreements (the "March 2024 Amendments"). The March 2024 Amendments, among other things, (i) permit 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, the Company entered into amendments to the Credit Agreements (the “May 2024 Amendments”) which, among other things, (i) waived compliance with the Company’s net leverage ratio financial covenant as of March 31, 2024; and (ii) reduced the daily minimum liquidity covenant below $15.0 million until June 16, 2024 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 100,000 shares of the Common Stock at a purchase price of $9.20 (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 May 2024 Warrants with a fair market value of $0.8 million. In connection with the 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 term of the loan. The May 2024 Amendment to the PNC Credit Facility was accounted for as a modification 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.

On July 11, 2024, the Company entered into amendments to the Credit Agreements (the “July 2024 Amendments”) 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 warrants to purchase an aggregate of 50,000 shares of the Common Stock at a purchase price of $8.20 (the “July 2024 Warrants”).

The July 2024 Amendments to the 2021 Term Loan were accounted for as a modification. The fair value of the July 2024 Warrants of $0.4 million is reflected as a reduction to the carrying amount of the 2021 Term Loan and amortized to interest expense over the remaining term of the loan. The July 2024 Amendments to the PNC Credit Facility were accounted for as a modification and the $0.1 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 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; (iv) waived the testing requirement for the net leverage ratio financial covenant for the fiscal quarter ending September 30, 2024; (v) replaced the net leverage ratio financial covenant with a minimum EBITDA financial covenant for the fiscal quarters ending December 31, 2024 and March 31, 2025; (vi) reset the net leverage ratio financial covenant requirements for the fiscal quarters ending June 30, 2025 and September 30, 2025; (vii) reduced the minimum liquidity covenant to $10 million through September 30, 2025; (viii) adjusted the applicable interest rates on the Term Loan and PNC Credit Facility; (ix) removed required 2021 Term Loan principal amortization until the fiscal quarter ending September 30, 2025; and (x) repriced certain lender warrants.

In connection with the August 2024 Amendments, the Company received a new senior secured delayed draw term loan facility with a borrowing capacity of up to $26.3 million ($25.0 million after original issuance discount) and a commitment period expiring on October 31, 2024 (each draw, an “August 2024 Term Loan”). The Company borrowed $10.5 million at closing (“Initial August 2024 Term Loan”). Borrowings under the August 2024 Term Loan have an August 5, 2026 maturity date, which aligns with the 2021 Term Loan. The principal is payable quarterly beginning September 30, 2025, at a rate per annum equal to 5% of the original principal balance. The August 2024 Term Loan’s interest rate margin is (a) until March 31, 2025 (i) for any August 2024 Term Loan designated as a ‘SOFR Loan’, 12.00% per annum and (ii) for any August 2024 Term Loan designated an ‘ABR Loan’, 11.00% per annum, in each case, with 6.00% of such interest rate margin paid-in-kind, and (b) from April 1, 2025, (i) for any August 2024 Term Loan designated as a ‘SOFR Loan’, 14.00% per annum and (ii) for any August 2024 Term Loan designated an ‘ABR Loan’, 13.00% per annum, in each case, with 8.00% of such interest rate margin paid-in-kind. The August 2024 Term Loan also includes a multiple on invested capital payable to the August 2024 Term Loan lenders. Subsequently, the Company borrowed the remaining $15.8 million of the August 2024 Term Loan’s borrowing capacity before September 30, 2024.

Subsequent to the August 2024 Amendments, the 2021 Term Loan amortizes at 5.00% per annum commencing on September 30, 2025. Subsequent to the August 2024 Amendments and (A) until March 31, 2025, loans under the 2021 Term Loan designated as (x) ABR Loans bear interest at a rate per annum equal to the “ABR Rate” (calculated as the greatest of (i) 1.75%; (ii) the Federal funds rate plus 0.50%; (iii) a secured overnight financing rate based rate (the “SOFR Rate”) 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 8.75%, and (y) SOFR Rate Loans bear interest at a rate per annum equal to the SOFR Rate plus an applicable margin of 9.75%, in each case, with 3.75% of such interest rate margin paid-in-kind, with two specified step-downs in such applicable margin upon the receipt by the Company of cash proceeds from certain specified capital raises, and (B) from and after April 1, 2025, loans under the 2021 Term Loan designated as (x) ABR Loans bear interest at a rate per annum equal to the ABR Rate, plus an applicable margin of 8.75%, and (y) SOFR Rate Loans bear interest at a rate per annum equal to the SOFR Rate plus an applicable margin of 9.75%, in each case, with 3.75% of such applicable margin paid-in-kind, with a step-up of 1.00% per annum (which shall be paid-in-kind) if the Company’s total net leverage ratio is greater than 4.00x, and a step-down of 1.00% per annum if the Company’s total net leverage ratio is less than 3.50x (which shall reduce the paid-in-kind component of the applicable margin). The SOFR Rate is subject to a floor of 2.00%. The Company can designate a loan as an ABR Rate Loan or SOFR Rate Loan in its discretion.

Subsequent to the August 2024 Amendments, PNC Credit Facility loans designated as (x) PNC SOFR Loans bear interest at a rate per annum equal to a SOFR based rate, plus an applicable margin of 4.75% and (y) 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 an applicable margin of 3.75%. The Company can designate a loan as a PNC SOFR Loan or PNC Domestic Rate Loan in its discretion.

In connection with the August 2024 Amendments, the Company issued warrants to purchase an aggregate of 380,510 shares of the Common Stock, at an exercise price of $6.20 per share (the “August 2024 Warrants”) and which had a fair value of $2.0 million.

The August 2024 Amendments to the 2021 Term Loan held by one lender was accounted for as a modification. The $1.2 million fair value of the August 2024 Warrants issued to this lender and the $0.5 million of PIK fees paid to this lender are reflected as a reduction to the carrying amount of their Term Loan and their initial delayed draw term loan and amortized to interest expense over the remaining term of the loan. The August 2024 Amendments to the 2021 Term Loan held by another lender was accounted for as a debt extinguishment. The Company recorded a loss on debt extinguishment of $3.0 million related to the write-off of a portion of unamortized debt issuance costs and fees and expenses incurred with the August 2024 Amendments.

The August 2024 Amendments to the PNC Credit Facility were accounted for as a modification, and the $0.7 million in related fees and expenses were recorded to other assets and amortized to interest expense over the remaining term of the agreement.

On January 27, 2025, the Company entered into an amendment (the “January 2025 Term Loan Amendment”) to the Term Loan. The January 2025 Term Loan Amendment, among other things, (i) amends the minimum EBITDA covenant so that such covenant is not tested on December 31, 2024 or March 31, 2025, (ii) amends certain mandatory prepayment events, and (iii) waives certain events of default, in each case, as set forth in the January 2025 Term Loan Amendment.

On January 27, 2025, the Company entered into an amendment (the “January 2025 Revolver Amendment”) to the PNC Credit Facility. The January 2025 Revolver Amendment, among other things, (i) amends the minimum EBITDA covenant so that such covenant is not tested on December 31, 2024 or March 31, 2025, (ii) amends certain mandatory prepayment events, and (iii) waives certain events of default, in each case, as set forth in the January 2025 Revolver Amendment.

On April 2, 2025, the Company consented to an assignment (the “Master Assignment Agreement”) of the 2021 Term Loan and 2024 Term Loans. One of the lenders sold and assigned all of its interests to a new lender. The Master Assignment Agreement was accounted for as a debt extinguishment. The Company recorded a gain on debt extinguishment of $2.4 million related to the net of discount on issuance of term loans to a new lender and write-off of all unamortized debt issuance costs and fees related to the previous lender. The $0.4 million in new lender fees were recorded as a reduction to the carrying amounts of the term loans and amortized to interest expense over the remaining term of the loan.

On May 5, 2025, the Company entered into an amendment (the “May 2025 Term Loan Amendment”) to the Term Loan. The May 2025 Term Loan Amendment, among other things, revised the prepayment requirements under the Credit Agreement in connection with the net cash proceeds received from SEPA. The May 2025 Term Loan Amendment was accounted for as a modification and the $0.1 million in lender amendment fees were recorded as a reduction to the carrying amounts of the term loans and amortized to interest expense over the remaining term of the loan.

As of June 30, 2025, the interest rates on the 2021 Term Loan, 2023 Term Loan, and 2024 Term Loans were 14.31%, 14.56%, and 18.56%, respectively.

Also, as of June 30, 2025, the PNC Credit Facility had an available borrowing base of $23.3 million, of which the entire amount was available to borrow at that date.

Standby Equity Purchase Agreement

On January 25, 2025, the Company entered into a SEPA, in which pursuant to and subject to its terms, the Company has the right, but not the obligation, to sell up to $200 million of Common Stock at any time during the three-year period following the date of the SEPA.

As of June 30, 2025, the Company has issued approximately 7.5 million shares of Common Stock under the SEPA for net proceeds of approximately $82.8 million.

NOTE 5: 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, 2025 and 2024. 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 as of June 30, 2025. 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, 2025		March 31, 2025	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Term Loan	$ 104,265	$ 95,848	$ 102,507	$ 91,576
PNC Credit Facility	—	—	26,600	24,755

NOTE 6: LEASES

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

Operating Leases	June 30, 2025	March 31, 2025
Operating lease right-of-use asset	$ 8,314	$ 8,580
Operating lease liability within other accrued liabilities	797	856
Operating lease liability, net	8,787	8,934
Total operating lease liabilities	$ 9,584	$ 9,790

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

	Three Months Ended June 30,	
Lease Cost	2025	2024
Operating lease cost	$ 669	$ 712
Variable lease cost	39	70
Short-term lease cost	75	—
Total lease cost	$ 783	$ 782

Maturity of Lease Liabilities	Operating Leases
Remainder of fiscal year 2026	$ 1,710
2027	1,859
2028	1,623
2029	1,245
2030	1,242
Thereafter	10,855
Total lease payments	$ 18,534
Less: imputed interest	(8,950)
Present value of lease liabilities	$ 9,584

Lease Term and Discount Rate	June 30, 2025	March 31, 2025
Weighted average remaining operating lease term (years)	10.19	10.19
Weighted average discount rate for operating leases	12.6 %	12.59 %

Operating cash outflows related to operating leases each totaled $0.7 million for the three months ended June 30, 2025 and 2024, respectively.

NOTE 7: RESTRUCTURING CHARGES

During the quarters ending June 30, 2025 and 2024, the Company had approved certain restructuring plans designed 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 included in other current liabilities in the condensed consolidated balance sheets (in thousands):

	Severance and Benefits
Balance as of March 31, 2024	$ —
Restructuring charges	1,192
Cash payments	(788)
Balance as of June 30, 2024	$ 404
Balance as of March 31, 2025	$ 786
Restructuring charges	2,423
Cash payments	(1,475)
Other non-cash	45
Balance as of June 30, 2025	$ 1,779

NOTE 8: NET LOSS PER SHARE

The Company has performance share units, restricted stock units and options to purchase shares under its Employee Stock Purchase Plan, as amended and restated on July 25, 2023 (“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 Common Stock.

The dilutive impact related to shares of Common Stock from incentive plans and outstanding warrants is determined by applying the treasury stock method to the assumed vesting of outstanding performance share units and restricted stock units and the exercise of outstanding options and warrants. The dilutive impact related to shares of 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. In periods of a net loss, all potentially dilutive weighted-average outstanding shares of Common Stock equivalents were excluded from the computation of diluted net income (loss) per share attributable to common stockholders for the periods presented because including them would have been anti-dilutive.

The following weighted-average outstanding shares of Common Stock equivalents were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented because including them would have been anti-dilutive (in thousands):

	Three Months Ended June 30,	
	2025	2024
Stock Awards	210	750

The Company had outstanding market based restricted stock units as of June 30, 2025 that were eligible to vest into shares of the 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 77,545 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, 2025.

NOTE 9: INCOME TAXES

The effective tax rate for the three months ended June 30, 2025 and 2024 was (1.4)% and (1.1)%, 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, 2025, including interest and penalties, the Company had $83.3 million of unrecognized tax benefits, $74.1 million of which, if recognized, would favorably affect the effective tax rate without consideration of the valuation allowance. As of June 30, 2025, 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, 2025, $75.9 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 $7.4 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 $9.6 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, $9.4 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 $0.2 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, 2025, the Company had issued non-cancelable commitments for $47.1 million to purchase inventory from its contract manufacturers and suppliers.

Litigation

On September 4, 2025, a shareholder class action complaint was filed in the United States District Court for the District of Colorado. The complaint identifies Seung Lee as the plaintiff and names Quantum Corporation and James J. Lerner, Kenneth P. Gianella, and Laura Nash as defendants. It alleges certain violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and SEC Rule 10b-5 related to certain disclosures made in the Company's quarterly and annual reports regarding its financial reporting for the third quarter of the Company's fiscal year 2025 and its restatement of that financial reporting. The complaint seeks to designate the plaintiff as the lead plaintiff for the class and define a class period of November 15, 2024 through August 18, 2025, and seeks an award of unspecified damages, costs, and expenses. At this time, Quantum is not able to determine whether this lawsuit would have any material impact on our business, operating results, or financial condition.

Additionally, from time to time, the Company is 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 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: SEGMENT INFORMATION

Our chief operating decision maker ("CODM"), the Chief Executive Officer, manages business activities as a single operating and reportable segment at the consolidated level. The CODM reviews and utilizes consolidated financial information, including revenue, gross profit, operating loss and net loss as reported on the condensed consolidated statements of operations, to assess performance and allocate resources to support strategic priorities. Condensed consolidated net loss is our segment's primary measure of profit or loss. The measure of segment assets is reported on the condensed consolidated balance sheets as total consolidated assets.

Our CODM reviews the following significant segment expenses, which are each separately disclosed and presented in the condensed consolidated statements of operations: cost of revenue for product, cost of revenue for subscription services, research and development expenses, sales and marketing expenses, and general and administrative expenses. Other segment items within condensed consolidated net loss include restructuring and impairment expenses, other income (expense), net and income tax provision. Other significant noncash segment expenses include stock-based compensation and depreciation and amortization.

Disaggregation of Revenue

The following table depicts the disaggregation of revenue by geographic areas and major product offerings and geographies and is consistent with how the CODM evaluates its financial performance (in thousands):

	Three Months Ended June 30,			
	2025		2024	
Americas[1]				
Product revenue	$ 22,750		$ 24,580	
Service and subscription	14,359		14,710	
Total revenue	37,109	57 %	39,290	54 %
EMEA				
Product revenue	9,983		13,518	
Service and subscription	8,482		9,402	
Total revenue	18,465	29 %	22,920	32 %
APAC				
Product revenue	4,802		4,554	
Service and subscription	2,102		2,599	
Total revenue	6,904	11 %	7,153	10 %
Consolidated				
Product revenue	37,535		42,652	
Service and subscription	24,943		26,711	
Royalty[2]	1,808	3 %	2,902	4 %
Total revenue	$ 64,286	100 %	$ 72,265	100 %

[1] Revenue for the 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,			
	2025	%	2024	%
Primary storage systems	$ 12,529	19 %	$ 17,594	24 %
Secondary storage systems	18,506	30 %	16,412	23 %
Device and media	9,941	15 %	9,601	13 %
Service	21,502	33 %	25,756	36 %
Royalty	1,808	3 %	2,902	4 %
Total revenue[1]	$ 64,286	100 %	$ 72,265	100 %

[1] Subscription revenue of $3.4 million and $1.0 million was allocated to primary and secondary storage systems for the three months ended June 30, 2025 and 2024, respectively.

Net Loss

The following table shows reported segment revenue, segment profit or loss, and significant segment expenses were as follows: (in thousands):

	Three Months Ended June 30,	
	2025	2024
Total revenue	$ 64,286	$ 72,265
Total cost of revenue	41,574	45,208
Gross profit	22,712	27,057
Gross margin	35.3 %	37.4 %
Operating expenses		
Salaries & fringe[1]	18,001	21,423
Outside services[2]	7,676	13,194
Infrastructure[3]	2,522	2,908
Operational costs[4]	2,332	2,355
Restructuring	2,423	1,192
Other[5]	2,354	2,788
Total operating expenses	35,308	43,860
Loss from operations	(12,596)	(16,803)
Other expense, net	(430)	(41)
Interest expense	(6,516)	(3,790)
Change in fair value of warrant liability	—	1,666
Loss on debt extinguishment, net	2,559	(695)
Net loss before income taxes	(16,983)	(19,663)
Income tax provision	223	235
Net loss	$ (17,206)	$ (19,898)

[1] Salaries & fringe includes spend on contractors.
[2] Outside services includes contractor, recruiting and legal expenses.
[3] Infrastructure includes property related expenses, including fixed and variable lease expense, telecommunications and depreciation.
[4] Operational costs include due and subscriptions, computer expenses, office supplies and other miscellaneous items.
[5] Other segment items includes travel related spend, marketing expense, taxes, fees and other miscellaneous items.

NOTE 12: REVISION OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements for the three months ended June 30, 2024 have been revised.

The nature of the revisions is as follows:

a. Service contract term - The Company identified that there were inconsistencies in the period used to recognize service and subscription revenue, which is deferred under Topic 606 and recognized ratably over the contractual term of the contract. The Company's management reviewed and updated the periods over which revenue was being recognized to ensure consistent application for all service contracts invoiced in the fiscal year ended March 31, 2025 and the results have been applied to revenue.

b. Application of Topic 606 related to standalone selling price - The Company also determined that the standalone selling price that was being used for the fiscal year ended March 31, 2025 needed to be updated resulting in an adjustment to revenue. Standalone selling price has now been refreshed for all goods and services sold in a bundled contract under Topic 606, maximizing the use of observable inputs.

The following tables present the impact of the revisions to the unaudited condensed consolidated financial statements for the three months ended June 30, 2024 (in thousands, unaudited):

CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2024			
	As previously reported	Revisions	Reference	As revised
Liabilities and Stockholders' Deficit				
Deferred revenue, current portion	$ 74,802	$ (4,669)	a, b	$ 70,133
Total current liabilities	155,608	(4,669)		150,939
Deferred revenue, net of current portion	36,759	3,747	a, b	40,506
Total liabilities	314,340	(922)		313,418
Stockholders' deficit				
Accumulated deficit	(848,200)	922	a, b	(847,278)
Total stockholders' deficit	(141,251)	922		(140,329)
Total liabilities and stockholders' deficit	$ 173,089	—		$ 173,089

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	Three Months Ended June 30, 2024			
	As previously reported	Revisions	Reference	As revised
Revenue:				
Product	$ 40,994	$ 1,658	b	$ 42,652
Service and subscription	27,447	(736)	a, b	26,711
Gross profit	26,135	922		27,057
Loss from operations	(17,725)	922		(16,803)
Net loss before income taxes	(20,585)	922		(19,663)
Net loss	$ (20,820)	$ 922		$ (19,898)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended June 30, 2024			
	As previously reported	Revisions	Reference	As revised
Operating activities				
Net loss	$ (20,820)	$ 922		$ (19,898)
Adjustments to reconcile net loss to net cash used in operating activities				
Deferred revenue	(5,126)	(922)	a, b	(6,048)
Net cash used in operating activities	$ (1,896)	$ —		$ (1,896)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT

	Common Stock					
Three Months Ended	**Shares**	**Amount**	**Additional Paid-in Capital**	**Accumulated Deficit**	**Accumulated Other Comprehensive Loss**	**Total Stockholders' Deficit**
Balance, March 31, 2024	4,792	$ 48	$ 708,027	$ (827,380)	$ (2,193)	$ (121,498)
Net loss	—	—	—	(19,898)	—	(19,898)
Foreign currency translation adjustments, net	—	—	—	—	142	142
Stock-based compensation	—	—	925	—	—	925
Balance, June 30, 2024, as revised	4,792	$ 48	$ 708,952	$ (847,278)	$ (2,051)	$ (140,329)

NOTE 13: SUBSEQUENT EVENTS

On July 4, 2025, President Trump signed into law the legislation commonly referred to as the One Big Beautiful Bill Act (“OBBBA”). The OBBBA includes various provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and the restoration of favorable tax treatment for certain business provisions. The OBBBA has multiple effective dates, with certain provisions effective in 2025 and others being implemented through 2027. While there is no impact to the Company's condensed consolidated financial statements for the quarter ended June 30, 2025, the Company is assessing its impact on the consolidated financial statements that would take effect beginning in the period in which the OBBBA was signed into law.

On August 13, 2025, the Company terminated the PNC Credit Facility. As of the date of termination, there were no amounts drawn on the PNC Credit Facility and the Company paid an exit fee of $1.2 million in connection with the termination.

On August 13, 2025, the Company obtained waivers to certain covenants including the net leverage covenant under the Term Loan for the quarter ended June 30, 2025. Additionally, the requirement to use certain proceeds of the SEPA to pay down the Term Loan was waived.

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, 2025 and June 30, 2024 and should be read together with our condensed consolidated financial statements and the related notes thereto included in this Quarterly Report on Form 10-Q, and the audited consolidated financial statements and notes thereto and management’s discussion and analysis of financial condition and results of operations included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2025 (the “Annual Report”). In particular, the risk factors contained in Part I, Item 1A of the Annual Report under the heading “Risk Factors” 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, 2024 and June 30, 2023, 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, 2024, filed with the SEC on August 14, 2024, and incorporated herein by reference. Our fiscal year ends on March 31 of each calendar year. "Fiscal 2025" refers to the fiscal year ended March 31, 2025.

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 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, tariffs, 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

(in thousands)	Three Months Ended June 30, 2025	2024
Total revenue	$ 64,286	$ 72,265
Total cost of revenue [1]	41,574	45,208
Gross profit	22,712	27,057
Operating expenses		
Sales and marketing [1]	12,655	13,295
General and administrative [1]	13,569	21,065
Research and development [1]	6,661	8,308
Restructuring charges [1]	2,423	1,192
Total operating expenses	35,308	43,860
Loss from operations	(12,596)	(16,803)
Other income (expense), net	(430)	(41)
Interest expense	(6,516)	(3,790)
Change in fair value of warrant liabilities	—	1,666
Gain (loss) on debt extinguishment	2,559	(695)
Net loss before income taxes	(16,983)	(19,663)
Income tax provision	223	235
Net loss	$ (17,206)	$ (19,898)

[1] Includes stock-based compensation as follows:

(in thousands)	Three Months Ended June 30, 2025	2024
Cost of revenue	$ (21)	$ 190
Research and development	68	188
Sales and marketing	76	88
General and administrative	(652)	459
Total	$ (529)	$ 925

Comparison of the Three Months Ended June 30, 2025 and 2024

Revenue

(dollars in thousands)	Three Months Ended June 30, 2025	% of revenue	2024	% of revenue	$ Change	% Change
Product revenue	$ 37,535	58 %	$ 42,652	59 %	$ (5,117)	(12)%
Service and subscription	24,943	39 %	26,711	37 %	(1,768)	(7)%
Royalty	1,808	3 %	2,902	4 %	(1,094)	(38)%
Total revenue	$ 64,286	100 %	$ 72,265	100 %	$ (7,979)	(11)%

Product Revenue

In the three months ended June 30, 2025, product revenue decreased $5.1 million, or 12%, as compared to the same period in fiscal 2024. The primary driver of the decrease was in Primary storage systems with a large video surveillance order in the prior period.

Service and Subscription Revenue

Service and subscription revenue decreased $1.8 million, or 7%, in the three months ended June 30, 2025 compared to the same period in fiscal 2024. This decrease was due to certain long-lived products reaching their end-of-service-life.

Royalty Revenue

We receive royalties from third parties that license our linear-tape open media patents through our membership in the linear-tape open consortium. Royalty revenue saw a decrease of $1.1 million, or 38%, in the three months ended June 30, 2025 compared to the same period in fiscal 2024 due to decreased market volume.

Gross Profit and Margin

(dollars in thousands)	Three Months Ended June 30,					
	2025	Gross margin %	2024	Gross margin %	$ Change	Basis point change
Product	$ 6,790	18.1 %	$ 10,097	23.7 %	$ (3,307)	(560)
Service and subscription	14,114	56.6 %	14,058	52.6 %	56	400
Royalty	1,808	100.0 %	2,902	100.0 %	(1,094)	—
Gross profit	$ 22,712	35.3 %	$ 27,057	37.4 %	$ (4,345)	(210)

Gross profit and margin percentages are key metrics that management monitors to assess the performance on the business.

Product Gross Margin

Product gross margin decreased by $3.3 million, or by 560 basis points, for the three months ended June 30, 2025, as compared with the same period in fiscal 2024. This decrease was primarily due to an inventory provision accrued for certain end-of-life products, as well as supply chain logistics costs including import tariffs.

Service and Subscription Gross Margin

Service and subscription gross margins increased 400 basis points for the three months ended June 30, 2025, as compared with the same period in fiscal 2024. This increase was primarily driven by improvements in our operational efficiency and logistics costs.

Royalty Gross Margin

Royalties do not have significant related cost of sales.

Operating Expenses

(dollars in thousands)	Three Months Ended June 30,					
	2025	% of revenue	2024	% of revenue	$ Change	% Change
Sales and marketing	$ 12,655	20 %	$ 13,295	18 %	$ (640)	(5)%
General and administrative	13,569	21 %	21,065	29 %	(7,496)	(36)%
Research and development	6,661	10 %	8,308	11 %	(1,647)	(20)%
Restructuring charges	2,423	4 %	1,192	2 %	1,231	103 %
Total operating expenses	$ 35,308	55 %	$ 43,860	61 %	$ (8,552)	(19)%

In the three months ended June 30, 2025, sales and marketing expenses decreased $0.6 million, or 5%, as compared with the same period in fiscal 2024. This decrease was primarily driven by improved operational efficiency and increased leverage of our channel.

In the three months ended June 30, 2025, general and administrative expenses decreased $7.5 million, or 36%, as compared with the same period in fiscal 2024. This decrease was primarily driven by higher expense in the prior year related to compliance focused outside services.

In the three months ended June 30, 2025, research and development expenses decreased $1.6 million, or 20%, as compared with the same period in fiscal 2024. 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, 2025, restructuring expenses increased $1.2 million, or 103% as compared with the same period in fiscal 2024. The increase was the result of cost reduction initiatives in the current year.

Other Income (Expense)

	Three Months Ended June 30,					
(dollars in thousands)	2025	% of revenue	2024	% of revenue	$ Change	% Change
Other income (expense)	$ (430)	(1)%	$ (41)	(—)%	$ (389)	(949)%

The change in other income (expense), net during the three months ended June 30, 2025 compared with the same period in fiscal 2024 was related primarily to fluctuations in foreign currency exchange rates during the three months ended June 30, 2025.

Interest Expense

	Three Months Ended June 30,					
(dollars in thousands)	2025	% of revenue	2024	% of revenue	$ Change	% Change
Interest expense	$ (6,516)	(10)%	$ (3,790)	(5)%	$ (2,726)	72 %

In the three months ended June 30, 2025, interest expense increased $2.7 million, or 72%, as compared with the same period in fiscal 2024 due to a higher effective interest rate on our Term Loan.

Warrant liabilities

	Three Months Ended June 30,					
(dollars in thousands)	2025	% of revenue	2024	% of revenue	$ Change	% Change
Change in fair value of warrant liabilities	$ —	— %	$ 1,666	3 %	$ (1,666)	(100)%

In June 30, 2024, we recorded a non-cash loss of $1.7 million related to the change in fair value of our warrant liabilities driven by fluctuations in our stock price. As of June 30, 2025, there were no outstanding warrants.

Gain (Loss) on debt extinguishment

	Three Months Ended June 30,					
(dollars in thousands)	2025	% of revenue	2024	% of revenue	$ Change	% Change
Gain (loss) on debt extinguishment	$ 2,559	4 %	$ (695)	(1)%	$ 3,254	(468)%

In June 30, 2025, gain on debt extinguishment was related to the net of discount on issuance of term loans to a new lender and write-off of all unamortized debt issuance costs and fees. In June 30, 2024, loss on debt extinguishment was related to prepayment of our long-term debt.

Income Taxes

	Three Months Ended June 30,					
(dollars in thousands)	2025	% of pretax income	2024	% of pretax income	$ Change	% Change
Income tax provision	$ 223	(1)%	$ 235	(1)%	$ (12)	(5)%

The income tax provision for the three months ended June 30, 2025 and 2024 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 judgment 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, and cash and cash equivalents on our balance sheet. 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 $37.4 million as of June 30, 2025, which consisted primarily of bank deposits and money market accounts. As of June 30, 2025, our total outstanding Term Loan debt was $104.3 million and our revolving credit facility agreement with PNC Bank, National Association, as amended from time to time (the “PNC Credit Facility”) had an available borrowing base of $23.3 million, of which the entire amount was available to borrow at that date. As discussed in Note 13: *Subsequent Events*, the Company terminated the PNC Credit Facility on August 13, 2025.

We generated negative cash flows from operations of approximately $16.9 million and $1.9 million for the quarters ended June 30, 2025 and 2024, respectively, and generated net losses of approximately $17.2 million and $19.9 million for the quarters ended June 30, 2025 and 2024, respectively. We have funded operations through the sale of Common Stock, term debt borrowings and PNC Credit Facility borrowings described in Note 4: *Debt*.

On January 25, 2025, the Company entered into a SEPA, in which pursuant to and subject to its terms, the Company has the right, but not the obligation, to sell up to $200 million of Common Stock at any time during the three-year period following the date of the SEPA. As of June 30, 2025, the Company has issued approximately 7.5 million shares of Common Stock under the SEPA for net proceeds of approximately $82.8 million.

We are subject to various debt covenants under our credit agreements. Our failure to comply with our debt covenants could materially and adversely affect our financial condition and ability to service our obligations. As discussed in Note 1: *Description of Business and Summary of Significant Accounting Policies—Going Concern*, we believe we will be in violation of our net leverage ratio financial covenant as of the December 31, 2025 testing date and the violation will cause the Term Loan outstanding balance to become due as an event of default. As a result, we classified the Term Loan as a current liability in the accompanying consolidated balance sheets. Additionally, the we are evaluating strategies to restructure or refinance our debt, including potential covenant waivers. We may be unable to obtain additional funding. As such, there can be no assurance that we will be able to obtain additional liquidity when needed or under acceptable terms, if at all.

Cash Flows

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

(in thousands)	Three Months Ended June 30, 2025	2024
Cash provided by (used in):		
Operating activities	$ (16,891)	$ (1,896)
Investing activities	(1,192)	(1,620)
Financing activities	39,027	(4,798)
Effect of exchange rate changes	—	(3)
Net decrease in cash, cash equivalents and restricted cash	$ 20,944	$ (8,317)

Cash Used In Operating Activities

Net cash used in operating activities was $16.9 million for the three months ended June 30, 2025. This use of cash was primarily attributed to lower earnings.

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.

Cash Used in Investing Activities

Net cash used in investing activities was $1.2 million in the three months ended June 30, 2025, which was attributable to capital expenditures.

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

Cash Provided by Financing Activities

Net cash provided by financing activities was $39.0 million for the three months ended June 30, 2025, which was related primarily to borrowings on our Term Loan.

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.

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 material changes to the contractual obligations disclosed in the Annual Report.

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 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 the Annual Report 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.

Recently Issued and Adopted Accounting Pronouncements

See Note 1 to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report.

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 the Annual Report, 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 (the "Exchange Act")), 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 due to the material weaknesses described below.

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 Quarterly Report on 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.

Material Weaknesses in Internal Control Over Financial Reporting

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Management did not adequately design and implement effective control activities resulting in the identification of the following material weaknesses:

Revenue Recognition

The Company did not maintain effective internal controls related to revenue recognition for the following:

- Controls related to the Company's accounting practices and procedures for application of standalone selling price under Accounting Standards Codification Topic 606 *Revenue from Contracts with Customers* ("Topic 606"). Specifically, the Company did not have adequate controls in place to conclude on the application of standalone selling price consistent with the generally accepted application of the guidance in Topic 606.
- Controls over the accuracy of the inputs in the sales order entry process. Specifically, the Company did not sufficiently execute controls over the review of data inputs in the sales order entry process to ensure accuracy of the price, quantity, and related customer data.
- Controls for reviewing and updating deferral schedules, which drives the timing of service revenue recognition. Specifically, the start and end dates in the deferral schedules were not consistently aligned with the contractual service periods.

Manufacturing Inventory

The Company did not maintain effective internal controls related to manufacturing inventory. Specifically, controls to assess the accuracy of inventory held at third-party locations were not adequately executed.

Control Environment

Based on the material weaknesses identified in revenue recognition and manufacturing inventory, management concluded that the Company did not maintain effective entity-level controls within the control environment to prevent or detect material misstatements to the consolidated financial statements. Specifically, the Company (i) lacked sufficiently qualified staff or resources to perform control activities and (ii) conducted inadequate risk assessment and monitoring activities resulting in untimely or ineffective identification of internal control risks to support the design implementation and evaluation of the internal controls necessary to provide effective oversight over financial reporting.

Remediation Plan

The Company has implemented and is continuing to implement enhancements to address the identified material weaknesses. Actions include:

- Reviewing and updating relevant policies, procedures, and controls; this may include automation of certain controls within the ERP system where appropriate.
- Providing additional training to personnel responsible for executing and reviewing key controls.
- Enhancing efforts to assess risk and monitor the effectiveness of control design and operation over time.
- Engaging third-party specialists to assist the Company in assessing and establishing standalone selling price. While this has been completed, efforts are ongoing to increase automation in the calculation of standalone selling price.
- Engaging third-party specialists to help design and implement a control that reviews draft invoices above specified thresholds against customer purchase orders to assess the accuracy of the inputs in the sales order entry process prior to invoicing.

The Company is committed to maintaining a strong internal control environment and believes the remediation efforts 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 weaknesses 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

Except for the ongoing remediation measures to address the material weaknesses, in connection with the evaluation required by Rule 13a-15(d) under the Exchange Act, there were no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2025 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* 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 the Annual Report. You should consider carefully these factors, together with all of the other information in this Quarterly Report, including our unaudited condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report, before making an investment decision.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Arrangement

During the period covered by this Quarterly Report, 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 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.

		Incorporated by Reference			
Exhibit Number	**Exhibit Description**	**Form**	**Filing Date**	**Exhibit**	**Filed or Furnished Herewith**
3.1	Amended and Restated Certificate of Incorporation of the Company, as amended through August 26, 2024	S-1	1/27/25	3.1	
3.2	Amended and Restated Bylaws, as amended through June 12, 2025	8-K	6/18/25	3.1	
10.1#	Offer Letter dated April 9, 2025 by and between the Company and Lewis W. Moorehead				X
10.2#	Offer Letter dated April 10, 2025 by and between the Company and John A. Fichthorn				X
10.3#	Offer Letter dated June 12, 2025 by and between the Company and Hugues Meyrath	8-K	6/18/25	10.1	
10.4#	Change of Control Agreement dated June 12, 2025 by and between the Company and Hugues Meyrath	8-K	6/18/25	10.2	
10.5#	Letter Agreement dated March 28, 2025 by and between the Company and Kenneth P. Gianella	8-K	4/03/25	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

* Schedules and attachments have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The registrant hereby undertakes to furnish supplemental copies of any of the omitted schedules and attachments upon request by the Securities and Exchange Commission.

# 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)
September 11, 2025 (Date)	/s/ Hugues Meyrath Hugues Meyrath President and Chief Executive Officer (Principal Executive Officer)
September 11, 2025 (Date)	/s/ Laura A. Nash Laura A. Nash Chief Accounting Officer (Principal Financial Officer and Principal Accounting Officer)

Exhibit 10.1

Quantum Corporation 224 Airport Parkway
Suite 550
San Jose, CA 95110 USA
+1 [408] 944-4000

Via email

Mr. Lewis W. Moorehead

April 7, 2025 Dear Lewis:

I am pleased to offer to you the opportunity to become the Chief Financial Officer for Quantum Corporation (Quantum or the Company), reporting directly to Jamie Lerner as Chief Executive Officer. Your start date is anticipated to be April 4, 2025.

Base Salary: You will receive an annual base salary of $410,000.00, subject to applicable tax and other required withholding and paid in accordance with the Company's normal payroll procedures.

Bonus Opportunity: In addition, you will be eligible to participate in the Company's annual bonus program, the Quantum Incentive Plan (QIP). Your target bonus opportunity will be 50% of your eligible annual salary. The actual amount earned will be determined based on Quantum's performance against metrics approved by the Board of Directors (Board) and your own performance, and paid in accordance with the QIP terms. The QIP bonus targets and terms are subject to annual re-evaluation and Board approval.

Equity Grant: The Company will recommend to the Leadership and Compensation Committee (LCC) of the Board that a total of 5,000 Restricted Stock Units (RSUs), vesting in 3 equal installments on each anniversary of the Grant Date (as defined below). We will also recommend that you be granted 5,000 performance-based RSUs (PSUs), which will vest according to specific performance metrics approved by the LCC. Vesting for both RSUs and PSUs granted is subject to your continued employment.

Subject to approval by the LCC, your grants will be effective on the first day of the first month following your start date (the Grant Date). Should you voluntarily terminate your employment with Quantum, any unvested equity will be forfeited.

Change of Control: You agree that any change of control agreements currently in effect will not be impacted by you assuming Chief Financial Officer responsibilities.

Retention Bonus: Quantum previously entered into a retention bonus agreement with you on October 25, 2024 (the Retention Letter). If you sign Quantum's fiscal year 2025 Form 10-K and continue to be a Quantum employee through the first regular paycheck in July 2025, the amount of that payment only will be increased to $130,000.00, grossed up for taxes using a supplemental or supplemental/inverse method. All other terms of the Retention Letter will remain unchanged.

Other Benefits: You will continue to be eligible to participate in Quantum's flexible benefit program, which provides a full range of benefits for you and your qualified dependents.

Additionally, you will continue to be eligible to participate in the Company's Deferred Compensation Program.

Confidential Information: During your employment with Quantum, you will have access to confidential and proprietary information, which Quantum vigorously protects. Therefore, you will continue to be bound by your Proprietary Information and Invention Agreement with Quantum.

Offer Terms: This offer supersedes any and all other written or verbal offers. Employment at Quantum is at will. Either you or Quantum has the right to terminate your employment at any time for any reason, with or without cause.

To confirm your acceptance of our offer, please sign a copy of this letter electronically through DocuSign. If you have questions about your offer or onboarding process prior to your start date, you may reach Brian Cabrera via email at or directly at .

Lewis, we look forward to continuing to have you as part of the Quantum executive team. Sincerely,

/s/ Brian E. Cabrera
Brian E. Cabrera
Chief Administrative Officer

Acceptance
I understand and accept the terms of this offer of employment.

/s/ Lewis W. Moorehead April 9, 2025
Lewis W. Moorehead Date

Exhibit 10.2

Quantum

Quantum Corporation
224 Airport Parkway
Suite 550
San Jose, CA 95110
USA
+1 [408] 944-4000

Mr. John A. Fichthorn
Via electronic mail

Dear John:

We are pleased to offer you the opportunity to serve on the Board of Directors (the Board) of Quantum Corporation (Quantum), effective April 3, 2025.

Our current Board compensation program provides a retainer of $50,000 annually. Additionally, you may be asked to serve on one or more committees as determined by our Nominating and Governance Committee. As a committee member or chair, you will receive additional cash retainers for this service. These retainers are paid in cash, generally in quarterly installments, and will be prorated for partial periods of service. Quantum will also reimburse you for any reasonable travel or incidental expenses associated with performing your duties as a Board member.

We will also recommend to the Leadership and Compensation Committee that a pro-rated portion of our current standard equity award of restricted stock units (RSUs) be awarded to you following your appointment to the Board. The number of RSUs to be awarded will be determined based on our closing stock price on the date of grant, the first day of the month following your appointment. These RSUs will vest 100% on the earlier of one-year from the approval date of the award, or the date of Quantum's next annual stockholder meeting. Once the grant of RSUs has been approved, you will receive documentation from OptionTrax, Quantum's stock administration platform. If you remain a Board member, you will receive an annual stock grant thereafter, currently set at 12,000 shares per year. Details regarding the annual stock program are subject to change.

Last, we are pleased to offer you the opportunity to participate in Quantum's Deferred Compensation Program. Please let us know if you are interested in further information about this program and we will forward it to you.

To confirm your acceptance of our offer, you may electronically sign via DocuSign as sent to your personal email address. If you prefer, you can sign one copy of this letter, complete the enclosed documents, and return them to me via email at .

Please contact me if you have any questions. Welcome to Quantum and I look forward to working with you further.

Sincerely,

/s/ Brian E. Cabrera
Brian E. Cabrera
Quantum Corporation | Senior Vice President, Chief Administrative Officer, and Corporate Secretary

I understand and accept the terms of this agreement and agree to comply with all Quantum and Board policies and procedures, including those described in the documents listed as enclosures below.

Signed: /s/ John A. Fichthorn____________ Date: April 10, 2025_________________
John A. Fichthorn

Enclosures:

- Director Change of Control Agreement
- Director Indemnification Agreement
- D&O Questionnaire
- Power of Attorney for Section 16 Filings
- OnTraQ: Quantum's Code of Conduct
- Section 16 Certification
- Insider Trading Policy
- Corporate Governance Principles
- ACH Authorization Form
- Supplier Diversity Form
- W-9 Form

Exhibit 31.1

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

I, Hughes Meyrath, 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 September 11, 2025

/s/ Hugues Meyrath

Hugues Meyrath
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

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

I, Laura A. Nash, 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 September 11, 2025

/s/ Laura A. Nash
Laura A. Nash
Chief Accounting Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

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

I, Hugues Meyrath, 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, 2025, 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 September 11, 2025

/s/ Hugues Meyrath
Hugues Meyrath
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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

I, Laura A. Nash, 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, 2025, 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 September 11, 2025

/s/ Laura A. Nash

Laura A. Nash
Chief Accounting Officer
(Principal Financial Officer and Principal Accounting Officer)