

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

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended March 31, 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

Quantum Corporation

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

94-2665054

(I.R.S. Employer Identification No.)

10770 E. Briarwood Avenue

Centennial CO

(Address of Principal Executive
Offices)

80112

(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

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☐ Yes ☒ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☐ Yes ☒ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

☒ Yes ☐ No

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

☒

Indicate by check mark whether any of those errors corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

As of the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's common stock held by its non-affiliates, computed by reference to the price at which the common stock was last sold, was \$12,780,611.

As of August 25, 2025, there were 13,319,249 shares of Quantum Corporation's common stock issued and outstanding.

QUANTUM CORPORATION

ANNUAL REPORT ON FORM 10-K

For the Year Ended March 31, 2025

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

EXPLANATORY NOTE

As disclosed in the Current Report on Form 8-K filed on August 8, 2025, in June 2025, the Company determined that it recognized service and subscription revenue inconsistently during the fiscal year ended March 31, 2025. Under Accounting Standards Codification Topic 606 ("Topic 606"), this revenue should be deferred and recognized ratably over the term of the contract. The Company's management recalculated 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. It was determined that no contracts entered into prior to fiscal year ended March 31, 2025 were impacted. The Company also determined that the standalone selling price that is used to allocate revenue under Topic 606 needed to be updated for the fiscal year ended March 31, 2025 resulting in an adjustment to revenue. As a result of these errors and as noted in the Current Report on Form 8-K filed on August 8, 2025, the Company is restating the financial statements for the periods referenced below (the "Restatement").

This Annual Report for the year ended March 31, 2025 includes the following information:

- a. Restated unaudited interim Condensed Consolidated Financial Information for the three and nine months ended December 31, 2024; and
- b. Amended Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") related to the three and nine months ended December 31, 2024.

For more information, see Note 14: Restatement of Unaudited Quarterly Financial Statements in Item 8. Financial Statements and Supplementary Data of this Annual Report.

In connection with the restatement, the Audit Committee of the Company's Board of Directors concluded, with concurrence of management, that there were deficiencies in the Company's internal control over financial reporting and the Company's disclosure controls and procedures that constituted material weaknesses as of December 31, 2024 and March 31, 2025. As further discussed in Item 9A. Controls and Procedures of this Annual Report, management has concluded that the Company did not maintain effective disclosure controls and procedures, and internal control over financial reporting resulting in material weaknesses as of March 31, 2025, and further concluded that the material weaknesses applied to the Quarterly Report on Form 10-Q for the quarter ended December 31, 2024.

Summary of Risk Factors

Our business is subject to numerous risks and uncertainties, many of which are beyond our control. Some of the principal risks associated with our business include the following:

- Cost increases, supply disruptions, or raw material shortages, including in single source components, could harm our business.
- We outsource our component supply, manufacturing, and service repair operations to third parties. Our business, financial condition, and operating results could face material adverse impacts if we cannot obtain parts, products, and services in a cost effective and timely manner that meets our customers' expectations.
- As a result of our global manufacturing and sales operations, we are subject to a variety of risks related to our business outside of the U.S., any of which could, individually or in the aggregate, have a material adverse effect on our business.
- Our stock price has experienced significant volatility in the past, and continued volatility may cause our common stock trading price to remain volatile or decline.
- Significant changes to our leadership team and management transitions might harm our future operating results.
- If we do not continue to meet all of the continued listing requirements of Nasdaq, we may be delisted.
- Our quarterly operating results have fluctuated significantly, and past results should not be used to predict future performance.
- We have significant indebtedness, which imposes upon us debt service obligations, and our term loan and revolving credit facilities contain various operating and financial covenants that limit our discretion in operating our business. If we are unable to generate sufficient cash flows from operations and overall operating results to meet these debt obligations or remain in compliance with the covenants, our business, financial condition and operating results could be materially and adversely affected.
- We must maintain compliance with the terms of our existing credit facilities or receive a waiver for any non-compliance. The failure to do so could have a material adverse effect on our ability to finance our ongoing operations and we may not be able to find an alternative lending source if a default occurs.
- If we do not successfully manage the changes that we have made and may continue to make to our business model, infrastructure, and management, our business could be disrupted, and that could adversely impact our operating results and financial condition.
- We have taken considerable steps towards reducing our cost structure. The steps we have taken may not reduce our cost structure to a level appropriate in relation to our future sales and therefore, these cost reductions may be insufficient to achieve profitability.
- Some of our products contain licensed, third-party technology that provides important product functionality and features. The loss or inability to obtain any such license could have a material adverse effect on our business.
- We have restated certain of our prior consolidated financial statements, which has resulted in unanticipated costs and may lead to additional risks and uncertainties, including loss of investor confidence and negative impacts on our stock price.
- We have identified material weaknesses in our internal control over financial reporting, which could, if not properly remediated, result in additional material misstatements in our interim or annual consolidated financial statements, could impair our ability to produce accurate and timely financial statements and could adversely affect investor confidence in our financial reports, which could negatively affect our business.

Note Regarding Forward-Looking Statements

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

PART I

ITEM 1. BUSINESS

Overview

Quantum delivers end-to-end data management solutions designed for unstructured data in the artificial intelligence ("AI") era. From high-performance ingest that powers AI applications and demanding data-intensive workloads to massive, durable data lakes to fuel AI models, Quantum delivers one of the most comprehensive and cost-efficient solutions for the entire data lifecycle. We specialize in solutions for video, images, audio, and other large files because this unstructured data represents more than 80% of all data being created according to leading industry analyst firms. Unstructured data poses both immense potential and significant challenges for organizations looking to retain and analyze their data for AI and other initiatives. Effectively managing and leveraging this data with an intelligent data management platform is not just an option but a necessity for businesses aiming to uncover hidden insights and create value. Unstructured data is exponentially larger than traditional corporate data, contains tremendous value, and must be captured, protected, and stored for many years, decades, and longer. It is no longer just about storing data— organizations need to extract value from their unique data to gain a competitive advantage. Locked inside video, imagery, security camera footage, scientific data sets, and other sensor-derived data is a wealth of information for informed decision-making.

Products and Services

Our portfolio of products includes primary storage software and systems, secondary storage software and systems, as well as devices and media.

Highly Performant Primary Storage Software and Systems include:

- **Myriad All-Flash Software-Defined Storage:** All-flash scale-out file and object storage for high performance enterprise unstructured data applications such as AI, machine learning, and data analytics.
- **StorNext Hybrid Flash/Disk File Storage Software:** For video editing, post-production, and streaming applications, as well as large digital file archives.
- **Unified Surveillance Platform Software:** Unified compute and storage for video surveillance recording, storage, and analytics.

Highly Efficient Cost-per-Terabyte Secondary Storage Software and Systems include:

- **ActiveScale Object Storage Software:** Extremely scalable and durable storage for building massive data lakes, storage clouds, and cold archives.
- **DXi Backup Appliances:** Purpose-built backup appliances for high-speed backup and recovery and multisite data protection.
- **Scalar Tape Storage:** Low-cost, secure storage for long-term data archiving and offline data protection. Scalar tape storage systems are used by the world's largest hyperscalers as well as thousands of enterprises worldwide.

CatDV Asset Management Software: For indexing, cataloging, AI data enrichment, and workflow orchestration, making data easily searchable and accessible so it can contribute to business insights.

Devices and Media includes the sale of standalone linear-tape open tape drives for small business data protection and archiving, and linear-tape open media for use in tape storage systems.

We also offer a broad portfolio of services including 24x7x365 global support, deployment and consulting services, education services, and Quantum-as-a-Service. Our services are delivered with a combination of expertise and technology, including the MyQuantum Service Delivery Platform, and Cloud-Based Analytics ("CBA") AIOps software for proactive remote monitoring.

Global Support and Services, and Warranty

Our global services strategy is an integral component of our total customer solution. Service is typically a significant purchase factor for customers considering long-term storage for archiving and retention or data protection storage solutions. Consequently, our ability to provide comprehensive installation and integration services as well as maintenance services can be a noteworthy competitive advantage to attract new customers and retain existing customers. In addition, we believe that our ability to retain long-term customer relationships and secure repeat business is frequently tied directly to our comprehensive service capabilities and performance.

Our extensive use of technology and innovative product intelligence allows us to scale our global services operations to meet the needs of our customers. We are currently able to provide service to customers in more than 100 countries, supported by 24-hour, multi-language technical support centers located in North America, Europe, and Asia. We provide our customers with warranty coverage on our products. Customers with high availability requirements may also purchase additional services to obtain faster response times on our high-performance shared storage systems, tape systems, and disk backup systems. We offer this additional support coverage at a variety of response levels up to 24-hours a day, seven-days-a-week, 365-days-a-year, for customers with stringent high-availability needs. We provide support ranging from repair and replacement to 24-hour rapid exchange to on-site service support for our midrange and enterprise-class products. In addition to these traditional installation and maintenance services, we also provide project management, managed services, and other value-added services to enhance our customer's experience and engagement. These incremental services create a deeper relationship with customers that enables them to maximize the value of our solution and better positions us to retain our customers through technology transitions.

We generally warrant our hardware products against defects for periods ranging from one to three years from the date of sale. We provide warranty and non-warranty repair services through our service team and third-party service providers. In addition, we utilize various other third-party service providers throughout the world to perform repair and warranty services for us to reach additional geographic areas and industries to provide quality services in a cost-effective manner.

Research and Development

We are a solutions company that relies on technology advancements to compete in an industry characterized by rapid change and evolving customer requirements. Our success depends, in part, on our ability to introduce new products and features to meet end user needs. Our research and development teams are focused on technology and services to make our end-to-end solution of storage systems and data management software easier to manage at scale, software enhancements to make our storage more searchable and accessible, software-defined hyperconverged storage technology, next generation solid-state and hard-drive storage system software, data deduplication and other data reduction technologies, and making tape and other mediums even more efficient as a solution for medium for long term archival storage.

Sales and Distribution Channels

Product Sales Channels

We utilize distributors, value-added resellers ("VARs") and direct market resellers ("DMRs") in our sales process. Our reseller program provides our channel partners the option of purchasing products directly or through distribution channels and provides them access to a more comprehensive product line. Additionally, we sell directly to multiple large corporate entities and government agencies.

OEM Relationships

We sell our products to several original equipment manufacturer ("OEM") customers that resell our hardware products under their own brand names and typically assume responsibility for product sales, end user service and support. We also license our software to certain OEM customers that include this software in their own brand name products. These OEM relationships enable us to reach end users not served by our branded distribution channels or our direct sales force. They also allow us to sell to select geographic or vertical markets where specific OEMs have exceptional strength.

Customers

We provide solutions to multiple industries globally. Historically, our primary customers are in hyperscale, technology and industrial, media and entertainment, federal government, life sciences and healthcare, and financial industries. In addition, we sell to OEMs, distributors, VARs and DMRs to reach end user customers. Sales to our top five customers represented 21% and 26% of revenue in fiscal 2025 and fiscal 2024, respectively, of which none of our customers represented 10% or more of our total fiscal 2025 revenue.

Competition

The markets in which we participate are highly competitive, characterized by rapid technological change and changing customer requirements. In some cases, our competitors in one market area are customers or suppliers in another. Our competitors often have greater financial, technical, manufacturing, marketing, or other resources than we do. Additionally, the competitive landscape continues to change due to merger and acquisition activity as well as new entrants into the market.

As our customers look to use more public cloud storage services, these providers offer a competitive alternative, as well as new platforms and new ways to deploy our software. We expect that the data storage infrastructures of the future will be both hybrid-cloud and multi-cloud, meaning our customers will store their data in the various large public cloud environments, and also want to use services from multiple public cloud vendors.

Our primary storage solutions, including object storage systems, primarily face competition from the EMC business unit of Dell Inc. ("Dell"), International Business Machines Corporation, ("IBM"), NetApp, Inc., and other enterprise storage vendors in the markets we serve.

Our secondary storage solutions, primarily tape storage systems, compete in the midrange and enterprise reseller and end user markets with IBM and other tape library vendors. Competitors for entry-level and OEM tape systems include BDT Products, Inc. and several others that supply or manufacture similar products. In addition, disk backup products and cloud storage are an indirect competitive alternative to tape storage. Our backup storage systems primarily compete with products sold by Dell, Hewlett Packard Enterprise Company and Veritas Technologies LLC.

Manufacturing and Supply Chain

Quantum has a global supply chain and operations organization, with contract manufacturers located in the U.S. and Mexico along with supporting third-party logistics companies in the Europe, Middle East, and Africa region ("EMEA"), and the Asia-Pacific region, or ("APAC"). Our supply chain and manufacturing strategy minimizes geopolitical and environmental causal risks and provides flexibility to support demand fluctuations by region.

Quantum primary storage and secondary disk-based storage systems are sold as appliances that combine Quantum software with servers that are procured from various server vendors. Quantum sources these servers from various vendors, then uses contract manufacturers for final integration and shipment to customers. Quantum's tape storage systems are designed by Quantum and manufactured by a global contract manufacturer.

Tape media is manufactured in Japan and distributed globally.

The global supply chain and logistics have been severely constrained and impacted by inflationary pricing for the past couple of years as well as import tariffs in the current year. While we are cautiously optimistic and see signs of improvement over the past year with supply of both server and tape automation components, we continue to see some constraints. While some components continue to have extended lead times and often non-cancellable purchase orders are required, Quantum continues to work with suppliers to minimize lead times and associated liabilities. We continue to focus on a number of actions including alternate component qualifications, more aggressive management of contract manufacturers, and model changes for better logistics performance and visibility.

Intellectual Property and Technology

We generally rely on patent, copyright, trademark and trade secret laws and contract rights to establish and maintain our proprietary rights in our technology and products. As of March 31, 2025, we hold over 198 U.S. patents. In general, these patents have a 20-year term from the first effective filing date for each patent. We may

also hold foreign patents and patent applications for certain of our products and technologies. Although we believe that our patents and applications have significant value, rapidly changing technology in our industry means that our future success may also depend heavily on the technical competence and creative skills of our employees.

From time to time, third parties have asserted that the manufacture and sale of our products have infringed on their patents. We are not knowingly infringing any third-party patents. Should it ultimately be determined that licenses for third-party patents are required, we will undertake best efforts to obtain such licenses on commercially reasonable terms. See *Note 10: Commitments and Contingencies* for additional disclosures regarding lawsuits alleging patent infringement.

On occasion, we have entered into various patent licensing and cross-licensing agreements with other companies. We may enter into patent cross-licensing agreements with other third parties in the future as part of our normal business activities. These agreements, when and if entered into, would enable these third parties to use certain patents we own and enable us to use certain patents owned by these third parties. We have also sold certain patents, retaining a royalty-free license for these patents.

We are a member of the consortium that develops, patents, and licenses linear-tape open, technology to media manufacturing companies. We receive royalty payments for linear-tape open media technology sold under licensing agreements. We have also entered into various licensing agreements with respect to our technology, patents and similar intellectual property which provide licensing revenues in certain cases and may expand the market for products and solutions using these technologies.

Segment Information

We operate as a single reporting unit and operating segment for business and operating purposes. Information about revenue attributable to each of our product groups is included in *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations* and information about revenue and long-lived assets attributable to certain geographic regions is included in *Note 12: Segment Information* and *Note 3: Balance Sheet Information*, respectively, to the consolidated financial statements and risks attendant to our foreign operations is set forth below in *Item 1A. Risk Factors*.

Seasonality

We generally have the greatest demand for our products and services in the fourth quarter of each calendar year, or our fiscal third quarter. We usually experience the lowest demand for our products and services in the second quarter of each calendar year, or our fiscal first quarter.

Information About Our Executive Officers

Following are the names and positions of our management team as of August 1, 2025, including a brief account of the business experience of each.

Name	Position with Quantum
Hugues Meyrath	President and Chief Executive Officer
Lewis W. Moorehead	Chief Financial Officer
Anthony Craythorne	Chief Revenue Officer
Laura Nash	Chief Accounting Officer

Hugues Meyrath, 55, was appointed as President and Chief Executive Officer of the Company, effective June 2, 2025. Mr. Meyrath has served on the Board of Directors since September 2022, and serves as an advisor to startup companies. Mr. Meyrath served as chief product officer of ServiceChannel from January 2017 through December 2021, a provider of SaaS-based multi-site solutions, which was acquired by Fortive Corporation, a provider of connected workflow solutions, in 2021. Following the acquisition, Mr. Meyrath continued to serve as an advisor to ServiceChannel until August 2022. Prior to that, he served as vice president at Dell Technologies Capital, a venture capital arm of Dell Technologies that invests in enterprise and cloud infrastructure, where he was responsible for driving venture funding and mergers and acquisitions, while also holding advisory roles for portfolio companies. Prior to its acquisition by Dell Technologies Capital, he served as vice president of product management and business development for EMC Corporation's backup and recovery services, which offers data protection and business continuity products. Mr. Meyrath previously held senior leadership roles at Juniper Networks, Brocade

Communications and SBS Corp, and was an employee of the Company from January 2002 to September 2003. Mr. Meyrath holds a bachelor's degree in engineering from the University of Louvain in Belgium and an MBA from the University of California, Berkeley.

Lewis Moorehead, 53, served as Chief Financial Officer from April 2025 to August 2025. He previously served as Vice-President of Finance and Treasurer from June 2023 to April 2025, and Chief Accounting Officer from October 2018 to June 2023. Prior to joining Quantum, Mr. Moorehead was the Director of Finance, Accounting and Tax at Carvana, Co. (NYSE: CVNA), a publicly traded on-line retailer, from November 2016 to October 2018. From September 2004 to October 2016, he served as Managing Partner at Quassey, an investment firm. While at Quassey, he also served as Vice President of Finance and Principal Accounting Officer at Edgio, Inc. (f/k/a Limelight Networks) (Nasdaq: EGIO), a NASDAQ-listed global content delivery network and SaaS provider, from March 2010 to August 2013. He has also held finance and accounting positions at eTelecare Global Solutions, Rivers and Moorehead PLLC, Intelligentias, Inc., American Express and PricewaterhouseCoopers. He holds a Bachelor of Business Administration (B.B.A.), in Accounting from the University of Wisconsin-Whitewater.

Anthony Craythorne, 56, was appointed Chief Revenue Officer in July 2025. Prior to that, he held various positions at leading technology companies in the U.S., Europe, and Asia. He joined Quantum following two years as a contract Chief Revenue Officer, where he helped startups launch and growth-stage companies optimize their go-to-market strategies in SaaS, cybersecurity, and data storage. Tony has held senior leadership roles including Chief Revenue Officer at Index Engines and Zadara; CEO of Bamboo Systems; Senior Vice President of Worldwide Sales at Komprise; and executive positions at Brocade, Hitachi Data Systems, Nexsan, among others.

Laura Nash, 45, has served as Chief Accounting Officer of the Company since June 2023. Prior to her appointment as Chief Accounting Officer, Ms. Nash served as Controller from June 2019 to June 2023. Prior to that, from September 2005 to June 2019, Ms. Nash held various positions in Audit and Financial Accounting Advisory Services at Ernst & Young, an accounting firm, in both the U.S. and the U.K. Ms. Nash holds a Bachelor of Laws from University of Aberdeen and a Certificate in Accounting from University of Washington – Michael G. Foster School of Business. She is a member of the Institute of Chartered Accountants of Scotland.

Human Capital

In the fiscal year ended March 31, 2025, our Chief Administrative Officer lead our human capital initiatives, which include the design and execution of all people strategies. The Chief Administrative Officer worked directly with the Board of Directors, the Leadership and Compensation Committee, and Senior Management on the design, cost, and effectiveness of our people programs to ensure they are competitive and reward our teams for driving company performance.

Our workforce is currently distributed across 19 countries, with approximately 635 employees globally as of March 31, 2025, including 305 in North America, 180 in APAC, and 150 in EMEA. We engage with contractors, consultants, or temporary employees as needs for special projects occur.

Work Environment

While we believe competition for talent in the technology industry in certain geographies may be beginning to soften, we continue to design, evaluate, and expand our total rewards programs so they remain competitive in attracting, motivating, rewarding, and retaining key talent.

We offer flexible and hybrid working arrangements that allow our employees to choose where and how they work. We work to ensure our office environments, whether at a primary location or remote, are safe, professional, and inclusive so our employees can be successful.

To build high performing products and services, we aim to build high performing teams that are inclusive, diverse, and respected regardless of gender, race, color, religion, age, sexual orientation, or disability. We invest in diverse hiring and training initiatives, performance and professional development opportunities, and candidates ranging from interns to experienced leaders. This past year, we partnered with an outside firm for our training on compliance and preventing harassment and discrimination. We believe that fostering an inclusive work environment is a critical component for our culture of excellence.

Culture of Excellence, Accountability, and Innovation

Our company goals and leadership attributes set the tone for our culture of excellence and accountability. Employees are empowered to ask questions and encouraged to report concerns without fear of retaliation, including reporting anonymously if preferred.

During the fiscal year ended March 31, 2023, we redesigned our internal employee recognition program to encourage driving innovation, promoting teamwork, and leading by example. We also continued our practice of “no internal meeting days” so employees can have more time for focused work, training, or personal development.

Talent Development

Our talent is our greatest asset. We seek to actively grow our employees’ skills and leadership perspective while retaining our most critical talent. Our managers and employees participate in regular performance discussions that help facilitate conversations on employee contributions, goals, and expectations.

Available Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are available free of charge on our website at <https://www.quantum.com> generally when such reports are available on the Securities and Exchange Commission (“SEC”) website. The contents of our website are not incorporated into this Annual Report on Form 10-K.

The SEC maintains an internet site that contains reports, proxy, and information statements and other information regarding issuers that file electronically with the SEC at <http://www.sec.gov>.

ITEM 1A. RISK FACTORS

Investing in our common stock involves a high degree of risk. Before you make a decision to buy our common stock, in addition to the risks and uncertainties discussed above under “Note Regarding Forward-Looking Statements,” you should carefully consider the risks set forth herein. If any of these risks actually occur, it may materially harm our business, financial condition, liquidity and results of operations. As a result, the market price of our common stock could decline, and you could lose all or part of your investment. Additionally, the risks and uncertainties described in this Annual Report are not the only risks and uncertainties that we face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may become material and adversely affect our business.

Risks Related to Our Supply Chain, Customers and Sales Strategy

Cost increases, supply disruptions, or raw material shortages, including in single source components, could harm our business.

We have and may continue to experience cost increases or supply interruptions in raw materials and components necessary for our products, as well as increased freight charges and reduced capacity from our freight forwarders. Any such increases or interruptions could materially negatively impact our business, prospects, financial condition and operating results, including delays in manufacturing and shipments of our products and in some cases, result in canceled orders. While we have implemented price increases intended to offset rising costs, we cannot provide assurance that these increases will have the desired effects on our business model in the expected timeframe.

We outsource our component supply, manufacturing, and service repair operations to third parties. Our business, financial condition, and operating results could face material adverse impacts if we cannot obtain parts, products, and services in a cost effective and timely manner that meets our customers’ expectations.

Many aspects of our supply chain and operational results are dependent on the performance of third-party business partners, including contract manufacturers, service providers, and product integrators. We face a number of risks as a result of these relationships, any or all of which could have a material adverse effect on our business and harm our operating results and financial condition.

Sole source of product supply

In many cases, our business partners are the sole source of supply for the products or parts they manufacture, or the services they provide to us, and we do not have executed long-term purchase agreements with these partners. Our reliance on a limited number of suppliers and the lack of any guaranteed sources of supply exposes us to several risks, including:

- the inability to obtain an adequate supply of key components;
- the inability to control delivery schedules;
- price volatility for the components of our products;
- failure of a supplier to meet our quality or production requirements;
- failure of a supplier of key components to remain in business or adjust to market conditions; and
- consolidation among suppliers, resulting in some suppliers exiting the industry, discontinuing the manufacture of components or increasing the price of components.

We cannot assure investors that we will be able to obtain a sufficient supply of these key components or that their costs will not increase. If our component supply is disrupted or delayed, or if we need to replace our existing suppliers or redesign a product to accept different components, we cannot guarantee that additional components will be available when required, on terms that are favorable to us, or at reasonable prices, which could extend our lead times and increase our component costs.

Cost and purchase commitments and processes

We may not be able to control the costs of products or services we obtain from our business partners. We provide a customer demand forecast used to procure inventory to build our products. We could be responsible for the financial

impact from any forecast reduction or product mix shift relative to materials already purchased under a prior forecast, including the cost of finished goods in excess of current customer demand or for excess or obsolete inventory.

In some cases, we may retain the responsibility to purchase component inventory to support third-party manufacturing activities, which presents a number of risks that could materially and adversely affect our financial condition. For instance, as part of our component planning, we may place orders with or pay certain suppliers for components in advance of receiving customer purchase orders. We may occasionally enter into large orders with vendors to ensure that we have sufficient components for our products to meet anticipated customer demand. It is possible that we could experience a design or manufacturing flaw that could delay or even prevent the production of the components for which we previously committed to pay.

In addition, in order to reduce manufacturing lead times and plan for adequate component supply, from time to time we may issue non-cancelable and non-returnable component or product orders. Our inventory management systems and related supply chain visibility tools may be inadequate to enable us to make accurate forecasts and effectively manage our component and product supply. If we ultimately determine that we have excess supply, we may have to reduce our prices and write down or write off excess or obsolete inventory. Alternatively, insufficient supply levels may lead to shortages resulting in delayed or lost revenue or reduced product margins. We could experience operating losses based on any of these conditions.

We also maintain service parts inventories to satisfy future warranty obligations and to earn service revenue by providing enhanced and extended technical support and product service during and beyond the warranty period. We estimate service parts inventory needs based on historical usage and forecasts of future warranty and service contract requirements, including estimates of failure rates, costs to repair, and out of warranty revenue. Given the significant levels of judgment inherently involved in the process, we cannot provide assurance that we will be able to maintain service parts inventories appropriate to satisfy customer needs or to avoid inventory purchases that later prove to be unnecessary. If we are unable to maintain appropriate levels of service parts inventories, our business, financial condition and results of operations may be materially and adversely impacted.

Although we have contracts for most of our third-party repair service vendors, the contract period may not be the same as the underlying customer service contract. In such cases, we face risks that the third-party service provider may increase the cost of providing services in later periods already under contract to our customers at a fixed price.

Financial condition and stability

Our third-party business partners may suffer adverse financial or operating results or be negatively impacted by economic conditions. We may face interrupted component, product, or service supply as a result of financial or other volatility affecting our supply chain. As a result, we could suffer production downtime or increased costs to procure alternate products or services.

Quality and supplier conduct

We have limited control over the quality of products and components produced and services provided by our third-party business partners and their supply chains. The quality of the products, parts or services may not be acceptable to our customers and could result in customer dissatisfaction, lost revenue, and increased warranty costs. In addition, we have limited control over the manner in which our business partners conduct their business. We may face negative consequences or publicity as a result of a third-party's failure to comply with applicable compliance, trade, environmental, or employment regulations.

As a result of our global manufacturing and sales operations, we are subject to a variety of risks related to our business outside of the U.S., any of which could, individually or in the aggregate, have a material adverse effect on our business.

A significant portion of our manufacturing, sales, and supply chain operations occur in countries other than the U.S. We utilize third-party business partners to engineer, produce, sell, and fulfill orders for our products, several of which have operations located in foreign countries including China, Hungary, India, Japan, Malaysia, Singapore, Mexico, the Philippines, Thailand, and Ukraine. Because of these global operations, we are subject to a number of risks in addition to those already described, including:

- increasing import and export duties and value-added taxes, or trade regulation changes, including tariffs, that could erode our profit margins or delay or restrict our ability to transport our products;
- war, military conflict, and geopolitical unrest, including the Russia-Ukraine and Hamas-Israel conflicts, may affect our engineering and support teams outside the U.S. and their ability to perform as well as our sales and services delivery with sanctioned entities and countries;
- reduced or limited protection of our intellectual property;
- difficulty complying with multiple and potentially conflicting regulatory requirements and practices, including laws governing corporate conduct outside the U.S., such as the Foreign Corrupt Practices Act, United Kingdom Bribery Act, and similar regulations;
- commercial laws that favor local businesses and cultural differences that affect how we conduct business;
- differing technology standards or customer requirements;
- exposure to economic uncertainty and fluctuations including inflation, adverse movement of foreign currencies against the U.S. dollar (the currency in which we report our results), restrictions on transferring funds between countries, and continuing sovereign debt risks;
- fluctuations in freight costs, limitations on shipping and receiving capacity, and other disruptions in the transportation and shipping infrastructure at important geographic points for our products and shipments;
- inflexible employee contracts and employment laws that may make it difficult to terminate or change the compensation structure for employees in the event of business downturns;
- difficulties attracting and recruiting employees and wage inflation in highly competitive markets;
- political instability, military, social and infrastructure risks, especially in emerging or developing economies;
- political or nationalist sentiment impacting global trade, including the willingness of non-U.S. consumers to purchase goods or services from U.S. corporations;
- natural disasters, including earthquakes, flooding, typhoons and tsunamis; and
- pandemics and epidemics, and varying and potentially inconsistent governmental restrictions on the operation of businesses, travel and other restrictions.

Any or all of these risks could have a material adverse effect on our business.

We rely on indirect sales channels to market and sell our branded products. The loss of or deterioration in our relationship with one or more of our resellers or distributors, or our inability to establish new indirect sales channels to drive growth of our branded revenue, could negatively affect our operating results.

We sell most of our branded products to distributors, value added resellers, and direct market resellers, who in turn sell our products to end users. We use different distribution channel partners in different countries and regions in the world. The success of these sales channels is hard to predict, particularly over time, and we have no purchase commitments or long-term orders from them that assure us of any baseline sales. Several of our channel partners carry competing product lines they may promote over ours. A channel partner might discontinue our products or fail to effectively market them, and each partner determines the type and amount of our products that it will purchase and the price at which it sells to end users. Establishing new indirect sales channels is an important part of our strategy to drive growth of our branded revenue. Our results of operations could be adversely affected by any number of factors related to our channel partners, including:

- a change in competitive strategy that adversely affects a partner's willingness or ability to distribute our products;
- the reduction, delay, or cancellation of orders or the return of significant products volume;
- our inability to gain traction in developing new indirect sales channels for our branded products, or the loss of one or more existing partners; or
- changes in requirements or programs that allow our products to be sold by third parties to government or other customers.

Because we rely heavily on channel partners to market and sell our products, if one or more of them were to experience a significant deterioration in its financial condition or its relationship with us, this could disrupt our product distribution and reduce our revenue, which could materially and adversely affect our business, financial condition, and operating results.

We heavily utilize channel partners to perform the functions necessary to market and sell our products in certain product and geographic segments. To fulfill this role, partners must maintain an acceptable level of financial stability, creditworthiness, and the ability to successfully manage business relationships with the customers they serve directly. If partners are unable to perform in an acceptable manner, we may be required to reduce sales to the partner or terminate the relationship. We may also incur financial losses for product returns from partners or for the failure or refusal of distributors to pay obligations owed to us. Either scenario could result in fewer of our products being available to the affected market segments, reduced levels of customer satisfaction and increased expenses, which could in turn have a material and adverse impact on our business, results of operations and financial condition.

A certain percentage of our sales are to a few customers, some of which are also competitors, and these customers generally have no minimum or long-term purchase commitments. The loss of, or a significant reduction in demand from, one or more key customers could materially and adversely affect our business, financial condition and results of operations.

Our product sales have been and continue to be concentrated among a small number of channel partners, direct end-users, and original equipment manufacturers. We sell to many end-user customers and channel partners on purchase orders, not under the terms of a binding long-term procurement agreement. Accordingly, they generally are not obligated to purchase any minimum product volume, and our relationships with them are terminable at will. In addition, we have focused our direct-sales business on the largest users of hierarchical storage architectures, the so-called “hyperscalers”; there are very few of these extremely large storage customers, but their order activity has a significant impact on our results from quarter to quarter.

Some of our tape and disk products are incorporated into larger storage systems or solutions that are marketed and sold to end users by third parties. Because of this, we may have limited market access to those end users, limiting our ability to influence and forecast their future purchasing decisions. In addition, revenue from OEM customers has decreased in recent years. Certain of our large OEM customers are also our competitors, and could decide to reduce or terminate purchasing our products for competitive reasons.

In addition, our sales efforts may involve long sales cycles during which we incur expenses to educate our customers about product use and benefits and support customer-driven product evaluations. These cycles may make it difficult for us to predict when, or if, future sales will occur.

During the fiscal year ended March 31, 2025 and 2024, no customer represented 10% or more of our total revenue. If any of our large customers should significantly decrease or stop purchasing our solutions, we would see a significant reduction in revenue that may result in a material adverse effect on our operating results.

The U.S. federal government is an important customer, and our business may be materially and adversely harmed by changes in government purchasing activity.

A portion of our sales are to various agencies and departments of the U.S. federal government, and federal spending funding cuts and temporary government shutdowns have previously impacted and may continue to impact our revenue in the future. Future spending cuts by the U.S. federal government, temporary shutdowns of the U.S. federal government, or changes in its procurement processes or criteria could decrease our sales to the federal government and materially and adversely affect our operating results. In addition, changes in government certification requirements applicable to our products could impact our ability to sell to U.S. federal customers.

Risks Related to Our Operating Results, Financial Condition, or Stock Price

We continue to face risks related to inflation, economic uncertainty, and slow economic growth.

Uncertainty about economic conditions poses risks as businesses may further reduce or postpone spending in response to reduced budgets, tightening of credit markets, increases in inflation and interest rates, negative financial news, and declines in income or asset values which could adversely affect our business, financial condition

and operating results. Recent inflationary increases have driven up the prices at which we are able to purchase necessary components, products, and services, as well as the cost of contract labor. In addition, we continue to face risks related to uncertain tariff levels between countries where our products are manufactured and sold, unstable political and economic conditions, including the war between Russia and Ukraine and the Hamas-Israel conflict, and concerns about sovereign debt, which could negatively impact the U.S. and global economies and adversely affect our financial results. In addition, our ability to access capital markets may be restricted or result in unfavorable financing terms, impacting our ability to react to changing economic and business conditions and could also materially and adversely affect our ability to sustain our operations at their current levels.

Our stock price has experienced significant volatility in the past, and continued volatility may cause our common stock trading price to remain volatile or decline.

Our stock price has been extremely volatile in the past. For example, the closing price of our common stock on the Nasdaq Global Market ranged from \$2.22 to \$90.64 from June 1, 2024 through May 31, 2025. During this time, we did not experience any material changes in our financial condition or results of operations that would explain such price volatility. The trading price of our common stock may continue to fluctuate in response to a number of events and factors, many of which may be beyond our control, such as:

- quarterly variations in our operating results;
- failure to meet our financial guidance or the expectations of securities analysts and investors;
- new products, services, innovations, strategic developments, or business combinations and investments by our competitors or us;
- changes in our capital structure, including incurring new debt, issuing additional debt or equity to the public, and issuing common stock upon exercise of our outstanding warrants or subscribing to our recent rights offering;
- large or sudden purchases or sales of stock by investors;
- changes in interest and exchange rates;
- market volatility resulting from a public health emergency;
- fluctuations in the stock market in general and market prices for technology companies in particular;
- tariffs imposed by the U.S. government on sales originating in or being shipped to countries with which we have on-going trade or other political conflicts;
- investigations or enforcement actions related to a potential or actual failure to comply with applicable regulations;
- costs of new or ongoing commercial litigation; and
- significant changes in our brand or reputation.

Any of these events and factors may cause our stock price to rise or fall and may adversely affect our business and financing opportunities.

Significant changes to our leadership team and management transitions might harm our future operating results.

We have experienced significant changes to our leadership team in 2025, including changes to our Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer. Although we believe these leadership transitions are in the best interest of our stockholders, these transitions may result in the loss of personnel with deep institutional knowledge. Further, the transition could potentially disrupt our operations and relationships with employees, suppliers, partners, and customers due to added costs, operational inefficiencies, decreased employee morale and productivity and increased turnover. We must successfully recruit and integrate our new leadership team members within our organization to achieve our operating objectives. As such, the leadership transition may temporarily affect our business performance and results of operations while the new members of our leadership team become familiar with our business and acclimate into their new roles. Furthermore, these changes increase our dependency on the other members of our leadership team that remain with us, who are not contractually obligated to remain employed with us and may leave at any time. Any such departure could be particularly disruptive given that we are already experiencing leadership transitions and, to the extent we experience additional management turnover, competition for top management is high such that it may take some time to find candidates that meet our requirements. Our future operating results may depend upon the continued service of our key personnel and in significant part upon

our ability to attract and retain qualified management personnel. If we are unable to mitigate these or other similar risks, our business, results of operations and financial condition may be materially and adversely affected.

We may be unable to attract and retain key talent necessary to effectively meet our business objectives.

The market for skilled engineering, sales, and administrative talent is competitive and we have seen delays in recruiting and hiring timeframes. We believe our ability to recruit and hire new talent, and retain existing key personnel, may be negatively impacted by prior and ongoing fluctuations in our operating results, stock price, and ability to offer competitive benefits and total compensation programs. Our business results may be harmed if we are unable to attract and retain key talent in the future.

Our quarterly operating results have fluctuated significantly, and past results should not be used to predict future performance.

Our quarterly operating results have fluctuated significantly in the past and could fluctuate significantly in the future. As a result, our quarterly operating results should not be used to predict future performance. Quarterly results could be materially and adversely affected by a number of factors, including, but not limited to:

- IT spending fluctuations resulting from economic conditions or changes in U.S. federal government spending;
- supply chain constraints or other failures by our contract manufacturers to complete shipments in a timely manner;
- new product announcements by us or our competitors which may cause purchasing delays or cancellations;
- customers canceling, reducing, deferring, or rescheduling significant orders as a result of excess inventory levels, weak economic conditions, reduced demand, or other factors;
- seasonality, including customer and government fiscal year-ends and budget availability impacting demand for our products;
- reduced demand, declines in large orders, royalty, or software revenues, or other changes in product mix;
- product development and ramp cycle delays or product performance or quality issues;
- poor execution of and performance against expected sales and marketing plans and strategies;
- increased competition which may, among other things, increase pricing pressure or reduce sales;
- restructuring actions or unexpected costs; and
- foreign currency exchange fluctuations.

Our operating results depend on continuing and increasing market acceptance of our existing products and on new product introductions, which may be unsuccessful, in which case our business, financial condition and results of operations may be materially and adversely affected.

A limited number of products comprise a significant majority of our sales, and due to rapid technological change in our industry, our future operating results depend on our ability to improve existing products and develop and successfully introduce new products. We have devoted and expect to continue to devote considerable management and financial resources to these efforts.

When we introduce new products to the market, they may not achieve market acceptance or significant market share. In addition, the target markets for our new products may not continue or grow as we anticipate. Our new products may not be successfully or timely qualified by new customers, and if they are qualified, we may not achieve high volume production in a timely manner, if at all. In addition, we may experience technical, quality, performance-related, or other difficulties that could prevent or delay the introduction and market acceptance of new products.

If we are not successful in timely completing our new product qualifications and ramping sales to our key customers, our revenue and operating results could be adversely impacted. In addition, if the quality of our products is not acceptable to our customers, customer dissatisfaction, lost revenue, and increased warranty and repair costs could result.

We derive significant revenue from products incorporating tape technology. Our future operating results depend in part on continued market acceptance and use of tape products; in the past, decreases in the tape

products market have materially and adversely impacted our business, financial condition and operating results.

We currently derive significant revenue from products that incorporate some form of tape technology, and we expect to continue to do so in the next several years. As a result, our future operating results depend in part on continued market acceptance and use of tape products. Decreased market acceptance or use of products employing tape technology has materially and adversely impacted our business, financial condition, and operating results, and we expect that our revenues from certain types of tape products could continue to decline in the future.

Disk, solid-state, and flash storage products, as well as various software solutions and alternative technologies have eroded the demand for tape products. We expect that, over time, many of our tape customers could migrate toward these other products and solutions and their proportionate contribution to our revenue will increase in the future. While we are making targeted investments in software, disk backup and flash storage systems, and other alternative technologies, these markets are characterized by rapid innovation, evolving customer demands, and strong competition, including competition with companies who are also significant customers. If we are not successful in our efforts, we may not be able to attract or retain customers, and our business, financial condition and results of operations could be materially and adversely affected.

A significant decline in our media royalty or branded software revenues could materially and adversely affect our business, financial condition and operating results.

Our media royalties and branded software revenues generate relatively greater profit margins than some of our other products and can significantly impact our overall profitability. We receive media royalty revenue based on tape media cartridges sold by various tape media manufacturers and resellers. Under our patent and technology license agreements with these companies, each of the licensees determines the pricing and number of units of tape media cartridges that it sells. Our media royalty revenue varies based on the licensees' media sales and other factors, including:

- our customers' continued use of storage tape media, including the size of the installed base of devices and similar products that use tape media cartridges;
- the relative growth in units of newer device products, since the associated media cartridges for newer products typically sell at higher prices compared with the media cartridges associated with older products;
- media consumption habits and rates of end users and pattern of device retirements;
- the level of channel inventories; and
- agreement on standards for newer generations of the tape media that generates our royalty revenue.

Risks Related to Our Indebtedness and Liquidity

We have significant indebtedness, which imposes upon us debt service obligations, and our term loan and revolving credit facilities contain various operating and financial covenants that limit our discretion in operating our business. If we are unable to generate sufficient cash flows from operations and overall operating results to meet these debt obligations or remain in compliance with the covenants, our business, financial condition and operating results could be materially and adversely affected.

Our level of indebtedness presents significant risks to our business and investors, both in terms of the constraints that it places on our ability to operate our business and because of the possibility that we may not generate sufficient cash and operating results to remain in compliance with our covenants and pay the principal and interest on our indebtedness as it becomes due. As recently as December 2024, we fell out of compliance with certain financial covenants in our credit agreements, which resulted in defaults for which we received waivers of noncompliance from our lenders. For further description of our outstanding debt, see the section captioned "Liquidity and Capital Resources" in *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

As a result of our indebtedness:

- Our ability to invest in growing our business is constrained by the financial covenants contained in our credit facilities, which require us to maintain certain maximum total net leverage ratio levels, a minimum fixed charge coverage ratio, and liquidity levels and restrict our ability to:

- Incur debt and liens;
- Acquire businesses or entities or sell certain assets;
- Make investments, including loans, guarantees, and advances;
- Engage in transactions with affiliates;
- Pay dividends or repurchase stock; and
- Enter into certain restrictive agreements;
- We must dedicate a significant portion of our cash flow from operations and other capital resources to debt service, thereby reducing our ability to fund working capital, capital expenditures, research and development, mergers and acquisitions, and other cash-based activities, all of which may place us at a competitive disadvantage;
- If we are not able to generate sufficient cash flows to meet our substantial debt service obligations or to fund our other liquidity needs, we may have to take actions such as selling assets or raising additional equity or reducing or delaying capital expenditures, strategic acquisitions, investments and joint ventures, restructuring our debt and other capital-intensive activities;
- We are subject to mandatory field audits and control of cash receipts by the lenders if we do not maintain liquidity above certain thresholds;
- We may be more vulnerable to adverse economic and industry conditions;
- We may not be able to fund future working capital, capital investments and other business activities; and
- We may be unable to make payments on other indebtedness or obligations.

Our ability to make scheduled payments of the principal, to pay interest on, or refinance our debt, or to make cash payments in connection with our credit facilities, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Further, as our debt reaches maturity, we will be required to make large cash payments or adopt one or more alternatives, such as restructuring indebtedness or obtaining additional debt or equity financing on terms that may be highly dilutive. Our ability to restructure or refinance our debt will depend on the capital markets and our financial condition at such time. We may be unable to incur additional debt or refinance our existing debt on acceptable terms, if at all, which could result in a default on our debt obligations.

We continue to review and discuss potential financial transactions, including with our current lenders, in an effort to restructure our currently outstanding debt and to improve our balance sheet. If we proceed with any of these potential financial transactions, they could be highly dilutive to our stockholders. If a potential financial transaction does not occur or we are unable to repay all our outstanding debt from the proceeds of this offering, then we intend to continue to explore one or more alternatives, such as restructuring remaining indebtedness or obtaining additional debt or equity financing on terms that may be highly dilutive.

Our credit facilities are collateralized by a pledge of all our assets. If we were to default and be unable to cure it within any applicable grace periods or obtain a waiver of such default, the lenders would have a right to foreclose on our assets to satisfy our obligations under these agreements. Any such action on the part of the lenders could have a materially adverse impact on our business, financial condition and results of operations.

In connection with entering into our prior credit facilities and certain amendments to our prior credit facilities, we were required to issue to our lenders thereunder, certain warrants to purchase our common stock. These warrants were exercised in December 2024 and January 2025 and resulted in significant dilution to our stockholders. Future sales of common stock issued upon the exercise of these warrants may cause our stock price to decline.

We must maintain compliance with the terms of our existing credit facilities or receive a waiver for any non-compliance. The failure to do so could have a material adverse effect on our ability to finance our ongoing operations and we may not be able to find an alternative lending source if a default occurs.

In March 2024, June 2024, July 2024, August 2024 and again in December 2024, we fell out of compliance with certain financial covenants in our credit agreements, which resulted in defaults for which we received waivers of noncompliance from our lenders. Our credit agreements contain negative covenants and customary events of default provisions, including for payment default, covenant default, cross default to other material indebtedness, and judgment default. Each of these limitations are subject to certain liquidity levels, thresholds, or grace periods. In addition, the credit agreement contains affirmative covenants, including certain financial covenants that require us to

maintain minimum fixed charge coverage ratios. The applicable interest rate on the facility may increase if our total leverage ratio increases to specified amounts that would result in our interest expenses rising.

These covenants could materially adversely affect our ability to finance our future operations or capital needs. Furthermore, they may restrict our ability to expand and pursue our business strategies and otherwise conduct our business. There are no assurances that we can continue to maintain compliance with these covenants. Our ability to comply with these covenants may be affected by circumstances and events beyond our control, such as prevailing economic conditions and changes in regulations. The restrictions limit our ability to obtain future financings or to withstand a future downturn in our business or the economy in general, which may affect our ability to make the payments required of us under the waiver. Complying with these covenants may also cause us to take actions that may make it more difficult for us to successfully execute our business strategy and compete against companies that are not subject to such restrictions.

If we do not maintain compliance with all of the continuing covenants imposed by the credit agreements and other terms and conditions of the credit facility, we could be required to repay outstanding borrowings on an accelerated basis, which could subject us to decreased liquidity and other negative impacts on our business, results of operations and financial condition. There is no assurance that we will be able to negotiate an amendment that will provide for modified financial covenant levels that we can satisfy, or that we will be able to obtain an additional waiver to the credit agreement in the case of future events of default (including but not limited to those related to financial covenants). Any additional amendment or waiver will likely require concessions from the Company, such as prepayments, the imposition of other covenants or restrictions, limitations on future borrowing, or the payment of lender expenses. Furthermore, if the debt is accelerated, we may not be able to make all of the required payments or borrow sufficient funds to refinance such debt. We continue to review and discuss potential financial transactions, including with our current lenders, if an effort to restructure our currently outstanding debt and to improve our balance sheet. If we proceed with any of these potential financial transactions, they could be highly dilutive to our stockholders. If a potential financing transaction does not occur or we are unable to repay all our outstanding debt from the proceeds of this offering, then we intend to continue to explore one or more alternatives to restructure or repay our remaining debt. Without a sufficient credit facility, we would be adversely affected by a lack of access to liquidity needed to operate our business.

It is not possible to predict the actual number of shares we will sell under the Standby Equity Purchase Agreement (the “SEPA”), or the actual gross proceeds resulting from those sales.

On January 25, 2025, we entered into the SEPA with YA II PN, Ltd., a Cayman Islands exempt limited partnership (“YA”), pursuant to which YA committed to purchase up to \$200.0 million in shares of our common stock, subject to certain limitations and conditions.

We generally have the right to control the timing and amount of any sales of our shares of common stock to YA under the SEPA. Because the purchase price per share to be paid by YA for the shares of common stock that we may elect to sell to YA under the SEPA will fluctuate based on the market prices of our common stock during the applicable purchase valuation period for each purchase made pursuant to the SEPA, it is not possible for us to predict the total number of shares of common stock that we will sell to YA under the SEPA, the purchase price per share that YA will pay for shares purchased from us in the future under the SEPA, or the aggregate gross proceeds that we will receive from those purchases by YA under the SEPA. Sales of shares of our common stock pursuant to the SEPA will be dilutive to stockholders.

Moreover, although the SEPA provides that we may sell up to an aggregate of \$200.0 million of our common stock to YA, only an aggregate of 19,811,201 shares of our common stock under the SEPA have been registered for resale by YA. If it becomes necessary for us to issue and sell to YA under the SEPA more than the shares that were registered for resale under the Registration Statement in order to receive aggregate gross proceeds equal to the total commitment of aggregate of \$200.0 million under the SEPA, we must file with the SEC one or more additional registration statements to register under the Securities Act of 1933 the resale by YA of any such additional shares of our common stock we wish to sell from time to time under the SEPA, which the SEC must declare effective.

Risks Related to Our Business and Industry

If we do not successfully manage the changes that we have made and may continue to make to our business model, infrastructure, and management, our business could be disrupted, and that could adversely impact our operating results and financial condition.

Managing change is an important focus for us. In recent years, we have implemented several significant initiatives involving our sales and marketing, product engineering, and operations organizations, aimed at transitioning our revenue model from discrete hardware sales to recurring software revenue, increasing our efficiency, and better aligning internal operations with our corporate strategy. In addition, we have reduced headcount to streamline and consolidate our supporting functions as appropriate following recent acquisitions and in response to market or competitive conditions, and have increased our reliance on certain third-party business relationships. If we are unable to successfully manage the changes that we implement and detect and address issues as they arise, our business could be disrupted, and our results of operations and financial condition could be materially and adversely impacted.

In addition, given that we are relatively new to offering products and services on a subscription basis, and those models in the storage industry continue to evolve, we may not be able to effectively compete, drive expected revenue and margin growth, or obtain profitability for the foreseeable future. Demand for subscription-based products could also erode one-time sales of our hardware products that might not be immediately offset by increased recurring revenue.

We have taken considerable steps towards reducing our cost structure. The steps we have taken may not reduce our cost structure to a level appropriate in relation to our future sales and therefore, these cost reductions may be insufficient to achieve profitability.

In the last several years, we have recorded significant restructuring charges and made cash payments to reduce our cost of sales and operating expenses to respond to adverse economic and industry conditions, to execute strategic management decisions, and to rationalize our operations following acquisitions. These restructuring plans may result in decreases to our revenues or adversely affect our ability to grow our business in the future. Workforce reductions may also adversely affect employee morale and our ability to retain our employees, and may result in increased legal proceedings by terminated employees. We may take future steps to further reduce our operating costs, including additional restructurings in response to strategic decisions, increased operating and product costs due to inflation, supply chain constraints, and other external factors, adverse changes in our business or industry, or future acquisitions. We may be unable to reduce our cost of sales and operating expenses at a rate and to a level appropriate in relation to our future sales, which may materially and adversely affect our business, financial condition and results of operations.

In addition, our ability to achieve the anticipated cost savings and other benefits from these restructuring plans within the expected time frame is subject to many estimates and assumptions which may be adversely impacted by significant economic, competitive and other uncertainties, some of which are beyond our control. If these estimates and assumptions are incorrect, if we experience delays, or if other unforeseen events occur, our business, financial condition, and operating results could be adversely affected.

The failure to successfully integrate future acquired businesses, products or technologies could harm our business, financial condition, and operating results.

As a part of our business strategy, we have in the past and may make acquisitions in the future. We may also make significant investments in complementary companies, products or technologies. If we fail to successfully integrate such acquisitions or significant investments, it could harm our business, financial condition, and operating results. Risks that we may face in our efforts to integrate any recent or future acquisitions include, among others:

- failure to realize anticipated synergies or return on investment from the acquisition;
- difficulties assimilating and retaining employees, business culture incompatibility, or resistance to change;
- diverting management's attention from ongoing business concerns;
- coordinating geographically separate organizations and infrastructure operations in a rapid and efficient manner;
- the potential inability to maximize our financial and strategic position through the successful incorporation of acquired technology and rights into our products and services;
- failure of acquired technology or products to provide anticipated revenue or margin contribution;
- insufficient revenues to offset increased expenses associated with the acquisition;
- costs and delays in implementing or integrating common systems and procedures;
- reduction or loss of customer orders due to the potential for market confusion, hesitation and delay;

- impairment of existing customer, supplier and strategic relationships of either company;
- insufficient cash flows from operations to fund the working capital and investment requirements;
- difficulties in entering markets in which we have no or limited direct prior experience and where competitors in such markets have stronger market positions;
- dissatisfaction or performance problems with the acquired company;
- the assumption of risks, unknown liabilities, or other unanticipated adverse circumstances of the acquired company that are difficult to quantify; and
- the cost associated with the acquisition, including restructuring actions, which may require cash payments that, if large enough, could materially and adversely affect our liquidity.

A cybersecurity breach could adversely affect our ability to conduct our business, harm our reputation, expose us to significant liability, or otherwise damage our financial results.

We maintain sensitive data related to our employees, strategic partners, and customers, including personally identifiable information, intellectual property, and proprietary business information on our own systems. In addition, many of our customers and partners store sensitive data on our products.

It is critical to our business that our employees', strategic partners' and customers' sensitive information remains and is perceived as secure. While we employ sophisticated security measures in our own environment and our product features, we may face internal and external threats including unauthorized access, ransomware attacks, security breaches, and other system disruptions. A cybersecurity breach of our own IT infrastructure or products sold to our customers could result in unauthorized access to, loss of, or unauthorized disclosure of such information and expose us to litigation, indemnity obligations, government investigations, and other possible liabilities. Additionally, a cyber-attack, whether actual or perceived, could result in negative publicity which could harm our reputation and reduce our customers' confidence in the effectiveness of our solutions, which could materially and adversely affect our business and operating results. A breach could also expose us to increased costs from remediation, disruption of operations, or increased cybersecurity protection costs that may have a material adverse effect on our business. Although we maintain cybersecurity liability insurance, our insurance may not cover all or any portion of claims of these types or may not be adequate to indemnify us for inability that may be imposed. Any imposition or liability or litigation costs that are not covered by insurance could harm our business.

If our products fail to meet our or our customers' specifications for quality and reliability, we may face liability and reputational or financial harm which may adversely impact our operating results and our competitive position may suffer.

We may from time to time experience problems with the performance of our products, which could result in one or more of the following:

- increased costs related to fulfilling our warranty obligations;
- reduced, delayed, or cancelled orders or the return of a significant amount of products; or
- the loss of reputation in the market and customer goodwill.

These factors could cause our business, financial condition and results of operations to be materially and adversely affected.

In addition, we face potential liability for product performance problems because our end users employ our technologies to store and backup important data and to satisfy regulatory requirements. Loss of this data could cost our customers significant amounts of money, directly and indirectly as a result of lost revenues, intellectual property, proprietary business information, or other harm to their business. In some cases, the failure of our products may be caused by third-party technology that we incorporate into them. Even if failures are caused by third-party technology, we may be required to expend resources to address the failure and preserve customer relationships.

We could also potentially face claims for product liability from our customers if our products cause property damage or bodily injury. Although there are limitations of liability in our commercial agreements and we maintain technology errors and omissions liability and general liability insurance, our insurance may not cover potential claims of these types or may not be adequate to indemnify us for all liability that may be imposed. Any imposition of liability or litigation costs that are not covered by insurance or could harm our business.

Competition is intense in the data storage and protection market in which we operate.

Our competitors in the data storage and protection market are aggressively trying to advance and develop new technologies and products to compete against us. Consequently, we face the risk that customers could choose competitor products over ours. As a result of competition and new technology standards, our sales or gross margins could decline, which could materially and adversely affect our business, financial condition, and operating results.

Some of those competitors are much larger and financially stronger, have more diverse product offerings, and aggressively compete based on their reputations and greater size.

Technological developments, industry consolidation, and storage market competition over the years have resulted in decreased prices and increased commoditization for tape device and automation products and our other product offerings. Pricing pressure is more pronounced for entry-level products and less pronounced for enterprise products. Over time, the prices of our and competitor products have decreased, but such products often incorporate new or different features and technologies from what we offered in prior years. We face risks that customers could choose competitors' products over ours due to these features and technologies or pricing differences. If competition further intensifies, our product sales and gross margins could decline, which could materially and adversely affect our business, financial condition and results of operations.

Additional industry consolidation may further result in:

- competitors consolidating, having greater resources and becoming more competitive with us;
- new entrants into one or more of our primary markets increasing competition;
- customers that are also competitors becoming more competitive with us and/or reducing their purchase of our products;
- competitors acquiring our current suppliers or business partners and negatively impacting our business model; and
- market uncertainty and disruption due to the impact and timing of announced and completed transactions.

Risks Related to Intellectual Property

Some of our products contain licensed, third-party technology that provides important product functionality and features. The loss or inability to obtain any such license could have a material adverse effect on our business.

Certain of our products contain technology licensed from third parties that provides important product functionality and features. We cannot provide assurance that we will have continued access to this technology in the future. In some cases, we may seek to enforce our technology access via litigation against the licensing company itself, which may cause us to incur significant legal or other costs and may not be resolved in our favor. Other legal actions against the licensing company, such as for intellectual property infringement, could also impact our future access to the technology. We also have limited visibility or control of the technology roadmap at the licensing company and cannot ensure that the licensing company will advance the roadmap of the licensed technology in the manner best for us. We also face the risk of not being able to quickly implement a replacement technology or otherwise mitigate the risks associated with not having access to this licensed technology. Any of these actions could negatively impact our available technology portfolio, thereby reducing the functionality or features of our products, and could materially and adversely affect our business, financial condition, and operating results.

Third-party intellectual property infringement claims could result in substantial liability and significant costs, and, as a result, our business, financial condition and results of operations may be materially and adversely affected.

From time to time, third parties allege that our products infringe their patented or proprietary technology and demand that we purchase a license from them. The ultimate outcome of any license discussion or litigation is uncertain. Adverse resolution of any third-party infringement claim could subject us to substantial liabilities and require us to refrain from manufacturing and selling certain products. In addition, the costs incurred in intellectual property litigation can be substantial, regardless of the outcome. As a result, our business, financial condition, and operating result could be materially and adversely affected.

If we fail to protect our intellectual property or if others use our proprietary technology without authorization, our competitive position may suffer.

Our future success and ability to compete depends in part on our proprietary technology. We rely on a combination of copyright, patent, trademark, and trade secrets laws and nondisclosure agreements to establish and protect our proprietary technology. However, we cannot provide assurance that patents will be issued with respect to pending or future patent applications that we have filed or plan to file, that our patents will be upheld as valid, or that our patents will prevent the development of competitive products, or that any actions we have taken will adequately protect our intellectual property rights.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain or use our products or technology. Enforcing our intellectual property rights can sometimes only be accomplished through litigation, which is expensive and can divert management's attention away from our business. In addition, the laws of some foreign countries do not protect our proprietary rights to the same extent as the laws of the U.S.

We license certain of our software under "open source" licenses. Because of the characteristics of open source software licenses, it may be relatively easy for competitors, some of whom have greater resources than we have, to enter our markets and compete with us. In addition, our failure to comply with the terms of open source licenses could have a material adverse effect on our competitive position and financial results.

One of the characteristics of open source software is that the source code is typically publicly available at no charge, and anyone who obtains copies has a license under certain of our intellectual property rights. Depending on the license, that may include access to certain of our patents, to modify and redistribute the software, and use it to compete in the marketplace. Certain open source software licenses require users to license to other any software that is based on, incorporates, or interacts with the open source software. Although we endeavor to comply fully with those requirements, third parties could claim we are required to license larger portions of our software than we intended. If such claims were successful, they could adversely impact our competitive position and financial results by providing our competitors with access to sensitive information that may help them develop competitive products without the degree of overhead and lead time required by traditional proprietary software development.

It is possible for competitors to use our open source project software to develop their own software, potentially reducing the demand for our solution and putting price pressure on our subscription offerings. We cannot guarantee that competitive pressure or the availability of new open source software will not result in price reductions, reduced operating margins and loss of market share, any one of which could harm our business, financial condition, operating results, and cash flows.

In addition, we use our own open source project software in our proprietary products. As a result, there is a risk that we may inadvertently release as open source certain code that was intended to be kept as proprietary, that reveals confidential information regarding the inner workings of our proprietary products, or that could enable competitors to more readily reverse engineer or replicate aspects of our proprietary technology that we would otherwise protect as trade secrets. We may also accept contributions from third parties to our open source projects, and it may be difficult for us to accurately determine the origin of the contributions and whether their use, including in our proprietary products, infringes, misappropriates, or violates third-party intellectual property or other rights. The availability of certain of our own software in source code form may also enable others to detect and exploit security vulnerabilities in our products. In addition, our use of open source software may harm our business and subject us to intellectual property claims, litigation, or proceedings in the future.

Risks Related to Regulatory Matters

We are subject to many laws and regulations, and violation of or changes in those requirements could materially and adversely affect our business.

We are subject to numerous U.S. and international laws and requirements regarding corporate conduct, fair competition, corruption prevention, import and export practices, and hazardous or restricted material use, storage, discharge, and disposal, including laws applicable to U.S. government contractors. We have incurred, and will continue to incur, costs and business process changes to comply with such regulations. While we maintain a rigorous corporate ethics and compliance program, we may be subject to increased regulatory scrutiny, significant monetary fines or penalties, suspension of business opportunities, loss of jurisdictional operating rights, and increased litigation and investigation costs as a result of any failure to comply with those requirements. If we identify that we have fallen out of compliance, we may proactively take corrective actions, including the filing of voluntary

self-disclosure statements with applicable agencies, which could cause us to incur additional expenses and subject us to penalties and other consequences that could adversely affect our business, financial condition, and operating results. Our supply and distribution models may be reliant upon the actions of our third-party business partners and we may also be exposed to potential liability resulting from their violation of these or other compliance requirements. Further, our U.S. and international business models are based on currently applicable regulatory requirements and exceptions. Changes in those requirements or exceptions could necessitate changes to our business model. Any of these consequences could materially and adversely impact our business and results of operations.

Our actual or perceived failure to adequately protect personally identifiable information could adversely affect our business, financial condition, and operating results.

A variety of state, national, foreign, and international laws and regulations apply to the collection, use, retention, protection, disclosure, transfer, deletion, and other processing of personally identifiable information. These privacy- and data protection-related laws and regulations are evolving, with new or modified laws and regulations proposed and implemented frequently and existing laws and regulations subject to new or different interpretations.

Compliance with these laws and regulations can be costly and can delay or impede the development or implementation of new products or internal systems. Failure to comply could result in enforcement actions and significant penalties against us, which could result in negative publicity, increase our operating costs, and have a material adverse effect on our business, financial condition, and operating results.

Risks Related to Being a Public Company

We incur significant costs as a result of operating as a public company, and our management devotes substantial time to complying with public company regulations.

As a public company, we are obligated to file with the SEC annual and quarterly reports and other reports that are specified in Section 13 and other sections of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We are also required to ensure that we have the ability to prepare financial statements that are fully compliant with all SEC reporting requirements on a timely basis. In addition, we are and will continue to become subject to other reporting and corporate governance requirements, including certain requirements of Nasdaq, and certain provisions of Section 404 of the Sarbanes-Oxley Act of 2002 ("SOX Act") and the regulations promulgated thereunder, which will impose significant compliance obligations upon us.

Section 404 of the SOX Act, as well as rules subsequently implemented by the SEC and Nasdaq, have imposed increased regulation and disclosure and required enhanced corporate governance practices of public companies. We are committed to maintaining high standards of corporate governance and public disclosure, and our efforts to comply with evolving laws, regulations and standards in this regard are likely to result in increased selling, general, and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. These changes will require a significant commitment of additional resources. We may not be successful in implementing these requirements and implementing them could materially and adversely affect our business, results of operations and financial condition. In addition, if we fail to implement the requirements with respect to our internal accounting and audit functions, our ability to report our operating results on a timely and accurate basis could be impaired. If we do not implement such requirements in a timely manner or with adequate compliance, we might be subject to sanctions or investigation by regulatory authorities, such as the SEC and Nasdaq. Any such action could harm our reputation and the confidence of investors and customers in us and could materially and adversely affect our business and cause our share price to fall.

If we do not continue to meet all of the continued listing requirements of Nasdaq, we may be delisted.

The listing of our common stock on the Nasdaq Global Market is contingent on our compliance with the Nasdaq Global Market's rules for continued listing.

On September 20, 2023, we received a deficiency notice from the Nasdaq Listing Qualifications Department (the "Nasdaq Staff") notifying us that we were not in compliance with Nasdaq's minimum closing bid price requirement of \$1.00 per share for 30 consecutive business days, as set forth in Nasdaq Listing Rule 5450(a)(1) (the "Minimum Bid Price Requirement"). We did not regain compliance with the Minimum Bid Price Requirement within 180 days from the initial deficiency notice, and on March 19, 2024, we were notified by the Nasdaq Staff that we would be delisted unless we timely request a hearing before a Nasdaq hearings panel (the "Panel").

We were also notified on November 14, 2023 and February 13, 2024 that we were not in compliance with Nasdaq Listing Rule 5250(c)(1) (the "Filings Requirement") as a result of our failure to timely file the Quarterly Reports on Form 10-Q for the fiscal quarters ended September 30, 2023 and December 31, 2023. The Nasdaq Staff initially provided us until May 7, 2024 to regain compliance with the Filings Requirement.

On May 14, 2024, we had a hearing before the Panel to address the deficiencies in complying with the Minimum Bid Price Requirement and the Filings Requirement and to present a plan to regain compliance. On June 6, 2024, the Panel issued a ruling granting us an extension period for (i) the Minimum Bid Price Requirement until September 16, 2024 and (ii) the Filings Requirement until July 1, 2024. As a result of the filing of the Annual Report on Form 10-K for the fiscal year ended March 31, 2024 on June 28, 2024, which included the financial statements and other information required in the Quarterly Reports on Form 10-Q for the fiscal quarters ended December 31, 2023 and September 30, 2023, we complied with the Filings Requirement. In addition, on August 26, 2024, we effected a 1-for-20 reverse stock split of our common stock following stockholder approval at our annual meeting of stockholders in order to comply with the Minimum Bid Price Requirement.

On September 17, 2024, we received a letter from the Nasdaq Staff confirming that we regained compliance and that our securities will continue to be listed on Nasdaq.

On October 4, 2024, we received written notice from Nasdaq that we were not in compliance with Nasdaq Listing Rule 5450(b)(3)(C) (the "Market Value Requirement") as a result of our failure to maintain a minimum market value of publicly held shares of \$15,000,000. On December 9, 2024, we received a letter from the Nasdaq Staff confirming that we had regained compliance with the Market Value Requirement and that the matter would be closed.

On July 17, 2025, we received written notice from Nasdaq that we were not in compliance with the Filings Requirement as a result of our failure to timely file the Annual Report on Form 10-K for the fiscal year ended March 31, 2025 (the "2025 10-K").

While we expect to regain compliance with the Filings Requirement with respect to the 2025 10-K within the timeline prescribed by Nasdaq, there can be no assurance that we will be able to regain compliance within such period. In addition, we have not been able to file our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2025 by August 14, 2025. If we fail to regain compliance and Nasdaq determines to delist our common stock, our common stock would be traded on the over-the-counter market, and the value and liquidity of our stockholders' investments would be materially impacted. Furthermore, there can be no assurance that we will maintain compliance with the other Nasdaq listing requirements.

We have restated certain of our prior consolidated financial statements, which has resulted in unanticipated costs and may lead to additional risks and uncertainties, including loss of investor confidence and negative impacts on our stock price.

In this Annual Report on Form 10-K, we restated certain of our financial statements. Also, in the Annual Report on Form 10-K for the fiscal year ended March 31, 2024 (the "2024 Annual Report"), we restated certain of our financial statements. The determination to restate the financial statements was made by our Audit Committee of the Board of Directors upon management's recommendation. Our management concluded that certain of our previously issued financial statements should no longer be relied upon.

The restatement of our previously issued financial statements is time-consuming and expensive and could expose us to additional risks that could materially adversely affect our financial position, results of operations and cash flows, including unanticipated costs for accounting and legal fees in connection with or related to the restatement and the risk of potential stockholder litigation. If lawsuits are filed, we may incur additional substantial defense costs regardless of the outcome of such litigation. Likewise, such events might cause a diversion of our management's time and attention. If we do not prevail in any such litigation, we could be required to pay substantial damages or settlement costs. In addition, the restatement may lead to a loss of investor confidence and have negative impacts on the trading price of our common stock.

We have identified material weaknesses in our internal control over financial reporting, which could, if not properly remediated, result in additional material misstatements in our interim or annual consolidated

financial statements, could impair our ability to produce accurate and timely financial statements and could adversely affect investor confidence in our financial reports, which could negatively affect our business.

We have concluded that our internal control over financial reporting and disclosure controls and procedures were not effective as of March 31, 2025 due to the existence of material weaknesses in our internal control over financial reporting, as described in *Item 9A. Controls and Procedures* of the this Annual Report on Form 10-K.

Some of these material weaknesses resulted in the restatement of the unaudited condensed quarterly financial information for the quarterly period ended December 31, 2024.

We cannot provide assurance that the material weaknesses and deficiencies identified in the 2025 Annual Report and the consolidated financial statements appearing elsewhere in this Annual Report will not recur, or that additional material weaknesses in our internal control over financial reporting will not arise or be identified in the future. We intend to continue our control remediation activities and to continue to improve our financial reporting process, and our operational, information technology, financial systems, compliance and infrastructure procedures and controls. We also intend to continue to expand, train, retain and manage our personnel who are essential to effective internal control and compliance. In doing so, we will continue to incur expenses and expend management time.

If our remediation measures are insufficient to address the identified deficiencies, or if additional deficiencies in our internal control over financial reporting are discovered or occur in the future, our consolidated financial statements may contain material misstatements and we could be required to restate our financial results in the future. Moreover, because of the inherent limitations of any control system, material misstatements due to error or fraud may not be prevented or detected on a timely basis, or at all. If we are unable to provide reliable and timely financial reports in the future, our business and reputation may be further harmed. Restated financial statements and failures in internal control may also cause us to fail to meet reporting obligations or debt covenants, negatively affect investor confidence in our management and the accuracy of our financial statements and disclosures, or result in adverse publicity, any of which could have a negative effect on the price of our common stock, subject us to further regulatory investigations and penalties or stockholder litigation, and materially and adversely impact our business and financial condition.

General Risk Factors

We face risks related to health epidemics which could have a material adverse effect on our business and results of operations.

We face various risks related to public health issues, including epidemics, pandemics, and other outbreaks, including a resurgence of the COVID-19 pandemic. For example, the COVID-19 pandemic and efforts to control its spread had an impact on our workforce and operations, and those of our strategic partners, customers, suppliers, and logistics providers. These impacts included increased component, product, transportation, and overhead costs, increased logistics capacity and flexibility needs, decreased workforce availability, component supply, and product output, increased cybersecurity threats from remote work, and general economic downturns. We or our third-party business partners were subject to government restrictions that impacted our ability to continue efficient business operations. Other global health concerns in the future could also result in social, economic and labor instability in the countries in which we or the third parties with whom we engage operate.

Such pandemics adversely affect our business and financial results, they may also have the effect of heightening many of the other risks described in more detail in this “Risk Factors” section, such as those relating to adverse global or regional conditions, our highly competitive industry, supply chain disruption, customer demand conditions and our ability to forecast demand, cost saving initiatives, our indebtedness and liquidity, and cyber-attacks.

We are exposed to fluctuations in foreign currency exchange rates, and an adverse change in foreign currency exchange rates relative to our position in such currencies could have a material adverse impact on our business, financial condition and results of operations.

We do not currently use derivative financial instruments for speculative purposes. To the extent that we have assets or liabilities denominated in a foreign currency that are inadequately hedged or not hedged at all, we may be subject to foreign currency losses, which could be significant. Our international operations can act as a natural hedge when both operating expenses and sales are denominated in local currencies. In these instances, although an

unfavorable change in the exchange rate of a foreign currency against the U.S. dollar would result in lower sales when translated to U.S. dollars, operating expenses would also be lower in these circumstances. The competitive price of our products relative to others could also be negatively impacted by changes in the rate at which a foreign currency is exchanged for U.S. dollars. Such fluctuations in currency exchange rates could materially and adversely affect our business, financial condition and results of operations.

If the future outcomes related to the estimates used in recording tax liabilities to various taxing authorities result in higher tax liabilities than estimated, then we would have to record tax charges, which could be material.

We have provided amounts and recorded liabilities for probable and estimable tax adjustments required by various taxing authorities in the U.S. and foreign jurisdictions. If events occur that indicate payments of these amounts will be less than estimated, then reversals of these liabilities would create tax benefits recognized in the periods when we determine the liabilities have reduced. Conversely, if events occur which indicate that payments of these amounts will be greater than estimated, then tax charges and additional liabilities would be recorded. In particular, various foreign jurisdictions could challenge the characterization or transfer pricing of certain intercompany transactions. In the event of an unfavorable outcome of such challenge, material tax charges and adverse impacts on operating results could occur in the period in which the matter is resolved or an unfavorable outcome becomes probable and estimable.

Certain changes in stock ownership could result in a limitation on the amount of net operating loss and tax credit carryovers that can be utilized each year. Should we undergo such a change in stock ownership, it would severely limit the usage of these carryover tax attributes against future income, resulting in additional tax charges, which could be material.

We have never paid dividends on our capital stock, and we do not anticipate paying dividends in the foreseeable future.

We have never paid dividends on any of our capital stock and currently intend to retain any future earnings to fund the growth of our business. Any determination to pay dividends in the future will be at the discretion of our Board of Directors, and will depend on our financial condition, operating results, capital requirements, general business conditions and other factors that our Board may deem relevant. As a result, capital appreciation, if any, of our common stock will be the sole source of gain for the foreseeable future.

Anti-takeover provisions contained in our amended and restated certificate of incorporation and amended and restated bylaws, as well as provisions of Delaware law, could impair a takeover attempt.

Our Amended and Restated Certificate of Incorporation, as amended (the "Certificate of Incorporation"), our Amended and Restated Bylaws (the "Bylaws"), and Delaware law, contain provisions that could have the effect of rendering more difficult or discouraging an acquisition deemed undesirable by our Board. Our corporate governance documents include provisions:

- authorizing blank check preferred stock, which could be issued with voting, liquidation, dividend, and other rights superior to our common stock;
- limiting the liability of, and providing indemnification to, our directors and officers;
- limiting the ability of our stockholders to call and bring business before special meetings and to take action by written consent in lieu of a meeting;
- requiring advance notice of stockholder proposals for business to be conducted at meetings of our stockholders and for nominations of candidates for election to our Board;
- controlling the procedures for the conduct and scheduling of meetings of the Board and stockholders;
- providing our Board with the express power to postpone and cancel previously scheduled special meetings at any time;
- limiting the determination of the number of directors on our Board and the filling of vacancies or newly created seats on the board to our Board then in office; and
- providing that directors may be removed by stockholders only for cause.

While these provisions have the effect of encouraging persons seeking to acquire control of our Company to negotiate with our Board, they could enable the Board to hinder or frustrate a transaction that some, or a majority, of the stockholders might believe to be in their best interests and, in that case, may prevent or discourage attempts to remove and replace incumbent directors. We are also subject to Delaware laws that could have similar effects. One of these laws prohibits us from engaging in a business combination with a significant stockholder unless specific conditions are met.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

Item 1C. CYBERSECURITY.

Risk Management and Strategy

The Company recognizes the importance of being able to assess, effectively respond to and manage material cybersecurity threats and incidents that may compromise the confidentiality, integrity or availability of its information systems, data or network resources.

As part of its overall enterprise risk management framework, the Company maintains both a Cyber Incident Evaluation Committee ("CIEC") and an Incident Response Plan ("IRP"). The Company's CIEC is managed by its Chief Information Officer (the "CIO") whose team (the Incident Response Team, or "IRT") is responsible for leading company-wide cybersecurity strategy, policy, standards, architecture, and processes. The purpose of the IRP is to define procedures for reporting and responding to cybersecurity incidents. It creates objectives for actionable procedures that can be measured, evaluated, scaled and revised as necessary for each specific cybersecurity incident. These objectives are designed to maximize the effectiveness of the Company's response through an established plan of action and assigning responsibilities to appropriate personnel and/or third-party contractors.

If a cybersecurity threat or incident is identified, the IRT will communicate the cybersecurity threat or incident and any damages to the CIEC. The CIEC will assess the materiality of the cybersecurity threat or incident to determine if any public disclosures are required under the SEC's cybersecurity disclosure rule and make a recommendation to the Board. If deemed necessary, third-party consultants, legal counsel, and assessors will be engaged to evaluate the materiality assessment.

The cybersecurity program of the Company interfaces with other functional areas within the Company, including but not limited to the Company's brands and information technology, accounting, finance, legal and human resources, as well as external third-party partners, where appropriate, to assess, identify and manage potential cybersecurity threats. The Company regularly assesses and updates its processes, procedures and management techniques in light of ongoing cybersecurity developments.

Recognizing the complexity and evolving nature of cybersecurity threats, the Company also engages with a range of external experts, including cybersecurity assessors and consultants in evaluating and testing its cybersecurity management systems and IRP. These partnerships enable the Company to leverage specialized knowledge and insights, to assist in updating its cybersecurity strategies and processes to align with industry best practices. The Company's collaboration with these third parties includes consultation and review of security enhancements.

To date, we have not identified risks from cybersecurity threats or incidents, including as a result of any previous cybersecurity incidents, that have materially affected the Company or are reasonably likely to materially affect our operations, business strategy, results of operations, or financial condition. However, the sophistication of and risks from cybersecurity threats and incidents continues to increase, and there can be no assurance that our cybersecurity risk management program and processes, including our IRP, and other preventative actions the Company has taken and continues to take to reduce the risk of cybersecurity threats and incidents and protect its systems and information, will be fully implemented, complied with or successful in protecting against all cybersecurity threats and incidents. For more information on how cybersecurity risk could materially affect the Company's business strategy, results of operations, or financial condition, please refer to *"Item 1A Risk Factors—Risks Related to our Business and Industry—A cybersecurity breach could adversely affect our ability to conduct our business, harm our reputation, expose us to significant liability or otherwise damage our financial results."*

Governance

Our Board considers cybersecurity risk as part of its risk oversight function. The Board oversees management's implementation of our cybersecurity risk management program. The Board receives regular reports from the CIEC on our cybersecurity risks. In addition, CIEC updates the Board, as necessary, regarding any material cybersecurity incidents, as well as any incidents with lesser impact potential. The Board also receives briefings from IRT on our cyber risk management program. Board members receive presentations on cybersecurity topics from our CIO,

internal security staff or external experts as part of the Board's continuing education on topics that impact public companies.

The CIEC is responsible for assessing and managing our material risks from cybersecurity threats. The team has primary responsibility for our overall cybersecurity risk management program and supervises both our internal cybersecurity personnel and our retained external cybersecurity consultants. Our CIEC's expertise includes a combined 20 plus years of experience in managing security technologies; designing and implementing security strategies; and risk management and incident response across various industries. Our CIEC supervises efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which may include briefings from internal security personnel; threat intelligence and other information obtained from governmental, public or private sources, including external consultants engaged by us; and alerts and reports produced by security tools deployed in the IT environment.

ITEM 2. PROPERTIES

As of March 31, 2025, our headquarters were located in San Jose, California. Effective August 1, 2025, we moved our headquarters to Centennial, Colorado. We lease facilities in North America, Europe, and Asia Pacific. We believe that our facilities are adequate to meet our needs for the immediate future, and that, should it be needed, suitable additional space will be available to accommodate expansion of our operations.

ITEM 3. LEGAL PROCEEDINGS

See Item 8 of Part II, *"Financial Statements and Supplementary Data—Note 10: Commitments and Contingencies."*

ITEM 4. MINE SAFETY DISCLOSURE

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is traded on the Nasdaq Global Market under the symbol "QMCO".

Holders of Record

As of June 24, 2025, we had 200 holders of record of our common stock.

Dividends

We have no intention of paying cash dividends in the foreseeable future. Our ability to pay dividends is restricted by the covenants in our senior secured term loan and amended credit facility agreements. See the section captioned "Liquidity and Capital Resources" in *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations* and Note 4: *Debt* to the consolidated financial statements.

Recent Sales of Unregistered Securities

In connection with the execution of the SEPA, the Company issued 42,158 shares of common stock as commitment shares on January 29, 2025.

Pursuant to the SEPA, the Company issued (i) 190,000 shares of common stock on February 18, 2025, (ii) 480,000 shares of common stock on February 20, 2025, (iii) 22,000 shares of common stock on March 3, 2025, (iv) 315,000 shares of common stock on March 14, 2025, and (v) 107,981 on March 18th, 2025.

Issuer Purchases of Equity Securities

During the three months ended March 31, 2025, there were no purchases of our common stock by or on behalf of us or any of our affiliated purchasers, as such term is defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934, as amended ("the "Exchange Act").

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Investors should read the following discussion and analysis of our financial condition and results of operations together with the consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed in the section titled "Risk Factors" and in other parts of this Annual Report on Form 10-K. See also the section titled "Note Regarding Forward-Looking Statements" in this report.

The following discussion of our financial condition and results of operations covers fiscal 2025 and fiscal 2024 items and year-over-year comparisons between fiscal 2025 and fiscal 2024. Discussions of fiscal 2023 items and year-over-year comparisons between fiscal 2024 and 2023 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended March 31, 2024, that was filed with the SEC on June 28, 2024.

Overview and Highlights

We are a technology company whose mission is to deliver innovative solutions to forward-thinking 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 income taxes.

Restatement

The accompanying Management's Discussion and Analysis of Financial Condition and Results of Operations gives effect to the restatement adjustments made to the previously reported consolidated financial statements for the quarter ended December 31, 2024. For additional information related to the quarterly restatement, see Note 14: *Restatement of Unaudited Quarterly Financial Statements* in the Notes to our consolidated financial statements included in this Annual Report on Form 10-K under the caption Item 8. Financial Statements and Supplementary Data.

RESULTS OF OPERATIONS

(in thousands)	Year Ended March 31,	
	2025	2024
Total revenue	\$ 274,058	\$ 311,600
Total cost of revenue ⁽¹⁾	164,226	186,711
Gross profit	109,832	124,889
Operating expenses		
Sales and marketing ⁽¹⁾	52,320	60,893
General and administrative ⁽¹⁾	63,961	51,547
Research and development ⁽¹⁾	31,141	38,046
Restructuring charges	4,090	3,280
Total operating expenses	151,512	153,766
Loss from operations	(41,680)	(28,877)
Other expense, net	(710)	(1,746)
Interest expense	(23,607)	(15,089)
Change in fair value of warrant liability	(45,270)	5,137
Loss on debt extinguishment, net	(3,003)	—
Net income (loss) before income taxes	(114,270)	(40,575)
Income tax provision	821	711
Net income (loss)	\$ (115,091)	\$ (41,286)

⁽¹⁾ Includes stock-based compensation as follows:

(in thousands)	Year Ended March 31,	
	2025	2024
Cost of revenue	\$ 373	\$ 774
Research and development	495	1,091
Sales and marketing	317	669
General and administrative	1,643	2,187
Total	\$ 2,828	\$ 4,721

Comparison of the Years Ended March 31, 2025 and 2024

Revenue

(in thousands)	Year Ended March 31,					
	2025	% of revenue	2024	% of revenue	\$ Change	% Change
Product revenue	\$ 154,182	57 %	\$ 174,879	56 %	\$ (20,697)	(12)%
Service and subscription revenue	110,658	40 %	126,590	41 %	(15,932)	(13)%
Royalty revenue	9,218	3 %	10,131	3 %	(913)	(9)%
Total revenue	\$ 274,058	100 %	\$ 311,600	100 %	\$ (37,542)	(12)%

Product Revenue

In fiscal 2025, product revenue decreased \$20.7 million, or 12%, as compared to fiscal 2024. The primary driver of the decrease was a drop in demand from our large hyperscale customers in the first quarter of the prior year, as

well as more general decreases in the overall tape market. Outside of the Tape and Hyperscale business, our remaining Secondary and Primary storage systems are also offered as a subscription. We anticipate the product revenue portion of our Primary and Secondary storage systems to decrease as we continue to transition to subscription-based offerings.

Service and Subscription Revenue

Service and subscription revenue decreased \$15.9 million, or 13%, in fiscal 2025 compared to fiscal 2024. This decrease was due in part to certain long-lived products reaching their end-of-service-life, partially offset by new support bookings and the transition towards subscription-based licensing.

Royalty Revenue

We receive royalties from third parties that license our linear-tape open media patents through our membership in the linear-tape open consortium. Royalty revenue decreased \$0.9 million, or 9%, in fiscal 2025, as compared to fiscal 2024, related to lower overall unit shipments.

Gross Profit and Margin

(in thousands)	Year Ended March 31,					
	2025	Gross margin %	2024	Gross margin %	\$ Change	Basis point change
Product gross profit	\$ 34,452	22.3 %	\$ 38,459	22.0 %	\$ (4,007)	30
Service and subscription gross profit	66,162	59.8 %	76,299	60.3 %	(10,137)	(50)
Royalty gross profit	9,218	100.0 %	10,131	100.0 %	(913)	—
Gross profit	<u>\$ 109,832</u>	40.1 %	<u>\$ 124,889</u>	40.1 %	<u>\$ (15,057)</u>	—

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 30 basis points for fiscal 2025, as compared to fiscal 2024. This decrease was due primarily to a revenue mix less weighted towards higher margin tape products.

Service and Subscription Gross Margin

Service and subscription gross margin increased 50 basis points for fiscal 2025, as compared to fiscal 2024. This increase was due primarily to improved operational costs as we implemented strict cost controls and improved our organization design.

Royalty Gross Margin

Royalties do not have significant related cost of sales.

Operating expenses

(in thousands)	Year Ended March 31,					
	2025	% of revenue	2024	% of revenue	\$ Change	% Change
Sales and marketing	\$ 52,320	19 %	\$ 60,893	20 %	\$ (8,573)	(14)%
General and administrative	63,961	23 %	51,547	17 %	12,414	24 %
Research and development	31,141	11 %	38,046	12 %	(6,905)	(18)%
Restructuring charges	4,090	2 %	3,280	1 %	810	25 %
Total operating expenses	<u>\$ 151,512</u>	55 %	<u>\$ 153,766</u>	50 %	<u>\$ (2,254)</u>	(1)%

In fiscal 2025, sales and marketing expenses decreased \$8.6 million, or 14%, as compared with fiscal 2024. This decrease was primarily driven by an increase in operational cost management, as well as decreased commission expense on lower revenue.

In fiscal 2025, general and administrative expenses increased \$12.4 million, or 24%, as compared with fiscal 2024. This increase was primarily driven by large non-recurring costs related to our re-evaluation of Topic 606, and other non-recurring projects.

In fiscal 2025, research and development expenses decreased \$6.9 million, or 18%, as compared with fiscal 2024. This decrease was the result of the continued consolidation of acquisition costs, and efficiencies realized through improved organization design.

In fiscal 2025, restructuring expenses increased \$0.8 million, or 25%, as compared with fiscal 2024. This increase is driven by corporate restructuring activities as we consolidated our physical footprint and operations in certain markets.

Other expense, net

(in thousands)	Year Ended March 31,					
	2025	% of revenue	2024	% of revenue	\$ Change	% Change
Other income (expense), net	\$ (710)	0 %	\$ (1,746)	(1)%	\$ (1,036)	(59)%

In fiscal 2025, other income (expense) resulted in a net decrease of \$1.0 million or 59%, compared to fiscal 2024. The decrease was primarily related to differences in foreign currency gains and losses during each period.

Interest expense

(in thousands)	Year Ended March 31,					
	2025	% of revenue	2024	% of revenue	\$ Change	% Change
Interest expense	\$ (23,607)	(9)%	\$ (15,089)	(5)%	(8,518)	56 %

In fiscal 2025, interest expense increased \$8.5 million, or 56%, as compared to fiscal 2024. This increase was primarily due to a higher principal balance on our Term Loan as well as a higher interest rate.

Warrant liabilities

(in thousands)	Year Ended March 31,					
	2025	% of revenue	2024	% of revenue	\$ Change	% Change
Change in fair value of warrant liabilities	\$ (45,270)	(17)%	\$ 5,137	2 %	\$ (50,407)	(981)%

In fiscal 2025, we recorded a non-cash loss of \$45.3 million related to the change in fair value of our warrant liabilities, compared to a non-cash gain of \$5.1 million in the same period in fiscal 2024. This change was primarily driven by fluctuations in our stock price.

Loss on debt extinguishment, net

(in thousands)	Year Ended March 31,					
	2025	% of revenue	2024	% of revenue	\$ Change	% Change
Loss on debt extinguishment, net	\$ (3,003)	(1)%	\$ —	— %	\$ (3,003)	(100)%

In fiscal 2025, loss on debt extinguishment, net was related to prepayment of our long-term debt.

Income tax provision

(in thousands)	Year Ended March 31,					
	2025	% of revenue	2024	% of revenue	\$ Change	% Change
Income tax provision	\$ 821	— %	\$ 711	0 %	\$ (110)	(15)%

In fiscal 2025, the income tax provision increased \$110 thousands or 15%, compared to fiscal 2024. The income tax provision increased in 2025 primarily due to a higher valuation allowance and a warrant mark-to-market adjustment, which together offset the federal statutory tax benefit from pre-tax losses. Additionally, the expiration of tax attributes contributed to the increase, as previously available deferred tax assets could no longer be used.

Due to our history of net losses in the U.S., 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.

Comparison of the Three Months Ended December 31, 2024 (Restated) and 2023

Revenue

(dollars in thousands)	Three Months Ended December 31,					
	2024	% of revenue	2023	% of revenue	\$ Change	% Change
	Restated					
Product revenue	\$ 38,634	57 %	\$ 37,113	51 %	\$ 1,521	4 %
Service and subscription	27,724	40 %	32,771	46 %	(5,047)	(15)%
Royalty	2,326	3 %	2,042	3 %	284	14 %
Total revenue	\$ 68,684	100 %	\$ 71,926	100 %	\$ (3,242)	(5)%

Product Revenue

In the three months ended December 31, 2024, product revenue increased \$1.5 million, or 4%, as compared to the same period in fiscal 2024. The primary driver of the increase was in Primary storage systems with higher sales of our StorNext based solutions.

Service and Subscription Revenue

Service and subscription revenue decreased \$5.0 million, or 15%, in the three months ended December 31, 2024 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 small increase of \$0.3 million, or 14%, in the three months ended December 31, 2024 compared to the same period in fiscal 2024 due to product mix.

Gross Profit and Margin

(dollars in thousands)	Three Months Ended December 31,					
	2024	Gross margin %	2023	Gross margin %	\$ Change	Basis point change
	Restated					
Product	\$ 7,712	20.0 %	\$ 7,069	19.0 %	\$ 643	100
Service and subscription	17,850	64.4 %	20,070	61.2 %	(2,220)	320
Royalty	2,326	100.0 %	2,042	100.0 %	284	—
Gross profit	<u>\$ 27,888</u>	<u>40.6 %</u>	<u>\$ 29,181</u>	<u>40.6 %</u>	<u>\$ (1,293)</u>	<u>—</u>

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

Product Gross Margin

Product gross margin increased by \$0.6 million, or by 100 basis points, for the three months ended December 31, 2024, as compared with the same period in fiscal 2024. This increase was primarily due to a more favorable mix of revenues, weighted towards our higher margin product lines, as well as improvements in our operational efficiency and logistics costs.

Service and Subscription Gross Margin

Service and subscription gross margins increased 320 basis points for the three months ended December 31, 2024, as compared with the same period in fiscal 2024. This increase was primarily driven by improvements in our operations efficiency.

Royalty Gross Margin

Royalties do not have significant related cost of sales.

Operating Expenses

(dollars in thousands)	Three Months Ended December 31,					
	2024	% of revenue	2023	% of revenue	\$ Change	% Change
Sales and marketing	\$ 12,448	18 %	\$ 14,244	20 %	\$ (1,796)	(13)%
General and administrative	14,142	21 %	11,893	17 %	2,249	19 %
Research and development	7,683	11 %	8,763	12 %	(1,080)	(12)%
Restructuring charges	1,342	2 %	497	1 %	845	170 %
Total operating expenses	<u>\$ 35,615</u>	<u>52 %</u>	<u>\$ 35,397</u>	<u>49 %</u>	<u>\$ 218</u>	<u>1 %</u>

In the three months ended December 31, 2024, sales and marketing expenses decreased \$1.8 million, or 13%, 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 December 31, 2024, general and administrative expenses increased \$2.2 million, or 19%, as compared with the same period in fiscal 2024. This increase was primarily driven by higher expense in compliance focused outside services related to ongoing projects.

In the three months ended December 31, 2024, research and development expenses decreased \$1.1 million, or 12%, 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 December 31, 2024, restructuring expenses increased \$0.8 million, or 170% 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)

(dollars in thousands)	Three Months Ended December 31,					
	2024	% of revenue	2023	% of revenue	\$ Change	% Change
Other income (expense)	\$ 967	1 %	\$ (1,419)	(2)%	\$ 2,386	168 %

The change in other income (expense), net during the three months ended December 31, 2024 compared with the same period in fiscal 2024 was related primarily to fluctuations in foreign currency exchange rates during the three months ended December 31, 2024.

Interest Expense

(dollars in thousands)	Three Months Ended December 31,					
	2024	% of revenue	2023	% of revenue	\$ Change	% Change
Interest expense	\$ (6,840)	(10)%	\$ (3,937)	(5)%	\$ (2,903)	74 %

In the three months ended December 31, 2024, interest expense increased \$2.9 million, or 74%, as compared with the same period in fiscal 2024 due to a higher effective interest rate on our Term Loan.

Warrant liabilities

(dollars in thousands)	Three Months Ended December 31,					
	2024	% of revenue	2023	% of revenue	\$ Change	% Change
Change in fair value of warrant liabilities	\$ (61,630)	(90)%	\$ 4,402	6 %	\$ (66,032)	(1,500)%

In December 31, 2024, we recorded a non-cash loss of \$61.6 million related to the change in fair value of our warrant liabilities, compared to a non-cash gain of \$4.4 million in the same period in fiscal 2024. This change was primarily driven by fluctuations in our stock price.

Income Taxes

(dollars in thousands)	Three Months Ended December 31,					
	2024	% of pretax income	2023	% of pretax income	\$ Change	% Change
Income tax provision	\$ 70	— %	\$ 510	(5)%	\$ (440)	(86)%

The income tax provision for the three months ended December 31, 2024 and 2023 is primarily influenced by foreign and state income taxes. Due to our history of net losses in the United States, the protracted period for utilizing tax attributes in certain foreign jurisdictions, and the difficulty in predicting future results, we believe that we cannot rely on projections of future taxable income to realize most of our deferred tax assets. Accordingly, we have established a full valuation allowance against our U.S. and certain foreign net deferred tax assets. Significant management 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.

Comparison of the Nine Months Ended December 31, 2024 (Restated) and 2023

Revenue

(dollars in thousands)	Nine Months Ended December 31,					
	2024	% of revenue	2023	% of revenue	\$ Change	% Change
	Restated					
Product revenue	\$ 120,565	56 %	\$ 138,635	58 %	\$ (18,070)	(13)%
Service and subscription	84,640	40 %	94,229	39 %	(9,589)	(10)%
Royalty	7,592	4 %	7,235	3 %	357	5 %
Total revenue	<u>\$ 212,797</u>	<u>100 %</u>	<u>\$ 240,099</u>	<u>100 %</u>	<u>\$ (27,302)</u>	<u>(11)%</u>

Product Revenue

In the nine months ended December 31, 2024, product revenue decreased \$18.1 million, or 13%, as compared to the same period in fiscal 2024. The primary driver of the decrease was a \$20 million decrease in demand from our large hyperscale customers, as well as more general decreases in the overall tape market with declines in media and devices revenue. Outside of the Tape and Hyperscale business, our remaining Secondary and Primary storage systems are also offered as a subscription. We expect the product revenue portion of our Primary and Secondary storage systems to decrease as we continue to transition to subscription-based offerings.

Service and Subscription Revenue

We offer a broad range of services including product maintenance, implementation, and training as well as software subscriptions. Service revenue is primarily comprised of customer field support contracts which provide standard support services for our hardware. Standard service contracts may be extended or include enhanced service, such as faster service response times.

Service and subscription revenue decreased \$9.6 million, or 10%, in the nine months ended December 31, 2024 compared to the same period in fiscal 2024. This decrease was primarily driven by certain long-lived products reaching their end-of-service-life, partially offset by increases in subscription-based revenue.

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 small increase of \$0.4 million, or 5%, in the nine months ended December 31, 2024 compared to the same period in fiscal 2024 due to product mix.

Gross Profit and Margin

(dollars in thousands)	Nine Months Ended December 31,					
	2024	Gross margin %	2023	Gross margin %	\$ Change	Basis point change
	Restated					
Product	\$ 27,314	22.7 %	\$ 33,421	24.1 %	\$ (6,107)	(141)
Service and subscription	50,686	59.9 %	56,900	60.4 %	(6,214)	(48)
Royalty	7,592	100.0 %	7,235	100.0 %	357	—
Gross profit	<u>\$ 85,592</u>	<u>40.2 %</u>	<u>\$ 97,556</u>	<u>40.6 %</u>	<u>\$ (11,964)</u>	<u>(43)</u>

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 140 basis points, for the nine months ended December 31, 2024, as compared with the same period in fiscal 2024. This decrease was primarily due to a less favorable mix of revenues, weighted towards our lower margin product lines, which were partially offset from improvements in our operational efficiency and logistics costs.

Service and Subscription Gross Margin

Service and subscription gross margin decreased 50 basis points for the nine months ended December 31, 2024, as compared with the same period in fiscal 2024. This decrease was primarily driven by lower service revenues.

Royalty Gross Margin

Royalties do not have significant related cost of sales.

Operating Expenses

Nine Months Ended December 31,						
(dollars in thousands)						
	2024	% of revenue	2023	% of revenue	\$ Change	% Change
Sales and marketing	\$ 39,321	18 %	\$ 45,800	19 %	\$ (6,479)	(14)%
General and administrative	49,186	23 %	34,833	15 %	14,353	41 %
Research and development	24,255	11 %	28,828	12 %	(4,573)	(16)%
Restructuring charges	2,916	1 %	3,164	1 %	(248)	(8)%
Total operating expenses	<u>\$ 115,678</u>	<u>54 %</u>	<u>\$ 112,625</u>	<u>47 %</u>	<u>\$ 3,053</u>	<u>3 %</u>

In the nine months ended December 31, 2024, sales and marketing expense decreased \$6.5 million, or 14%, 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 nine months ended December 31, 2024, general and administrative expense increased \$14.4 million, or 41%, compared with the same period in fiscal 2024. This increase was primarily driven by non-recurring costs related to our previously announced restatement of our historical financial statements, and other related projects.

In the nine months ended December 31, 2024, research and development expenses decreased \$4.6 million, or 16%, 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 nine months ended December 31, 2024, restructuring expenses decreased \$0.2 million, or 8%, as compared with the same period in fiscal 2024. The decrease was the result of cost reduction initiatives in the prior year.

Other Income (Expense)

Nine Months Ended December 31,						
(dollars in thousands)						
	2024	% of revenue	2023	% of revenue	\$ Change	% Change
Other income (expense)	\$ (408)	0 %	\$ (2,049)	(1)%	\$ 1,641	80 %

The change in other income (expense), net during the nine months ended December 31, 2024 compared with the same period in fiscal 2024 was related primarily to fluctuations in foreign currency exchange rates during the nine months ended December 31, 2024.

Interest Expense

Nine Months Ended December 31,						
(dollars in thousands)						
	2024	% of revenue	2023	% of revenue	\$ Change	% Change
Interest expense	\$ (16,761)	(8)%	\$ (10,992)	(5)%	\$ (5,769)	52 %

In the nine months ended December 31, 2024, interest expense increased \$5.8 million, or 52%, as compared with the same period in fiscal 2024 due to a higher effective interest rate on our Term Loan.

Warrant liabilities

(dollars in thousands)	Nine Months Ended December 31,					
	2024	% of revenue	2023	% of revenue	\$ Change	% Change
Change in fair value of warrant liabilities	\$ (56,414)	(27)%	\$ 7,341	3 %	\$ (63,755)	(868)%

In December 31, 2024, we recorded a non-cash loss of \$56.4 million related to the change in fair value of our warrant liabilities, compared to a non-cash gain of \$7.3 million in the same period in fiscal 2024. This change was primarily driven by fluctuations in our stock price.

Loss on Debt Extinguishment

(dollars in thousands)	Nine Months Ended December 31,					
	2024	% of revenue	2023	% of revenue	\$ Change	% Change
Loss on debt extinguishment	\$ (3,003)	1 %	\$ —	— %	\$ (3,003)	100 %

In the nine months ended December 31, 2024, loss on debt extinguishment was related to a prepayment of our Term Loan.

Income Taxes

(dollars in thousands)	Nine Months Ended December 31,					
	2024	% of pretax income	2023	% of pretax income	\$ Change	% Change
Income tax provision	\$ 675	(1)%	\$ 1,573	(8)%	\$ (898)	(57)%

The income tax provision for the nine months ended December 31, 2024 and 2023 is primarily influenced by foreign and state income taxes. Due to our history of net losses in the United States, the protracted period for utilizing tax attributes in certain foreign jurisdictions, and the difficulty in predicting future results, we believe that we cannot rely on projections of future taxable income to realize most of our deferred tax assets. Accordingly, we have established a full valuation allowance against our U.S. and certain foreign net deferred tax assets. Significant management 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, cash and cash equivalents on our balance sheet and amounts available under our revolving credit facility agreement with PNC Bank, National Association, as amended from time to time (the “PNC Credit Facility”). 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 \$16.5 million as of March 31, 2025, which excludes \$0.1 million of short-term restricted cash. Our total outstanding Term Loan debt was \$102.5 million, and we had \$0.4 million available to borrow under the PNC Credit Facility as of March 31, 2025.

We generated negative cash flows from operations of approximately \$23.6 million and \$10.2 million for the fiscal years ended March 31, 2025 and 2024, respectively, and generated net losses of approximately \$115.1 million and \$41.3 million for the fiscal years ended March 31, 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 March 31, 2025, the Company has sold 1.2 million shares of Common Stock under the SEPA with net proceeds of approximately \$16.4 million. Subsequent to March 31, 2025 through July 31, 2025, the Company sold an additional 6.3 million shares of Common Stock under the SEPA with net proceeds of \$66.6 million. As of July 31, 2025, the Company had cash and cash equivalents of approximately \$28.1 million as well as \$0.0 borrowed. See Note 7: *Common Stock* for additional information related to the SEPA. On August 13, 2025, the Company terminated the PNC Credit Facility.

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 Significant Accounting Policies—Going Concern*, we believe we will be in violation of our net leverage covenant as of the September 30, 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 current liabilities in the accompanying consolidated balance sheet. Additionally, the Company is 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. For additional information about our debt, see the sections entitled “Risk Factors—Risks Related to Our Indebtedness and Liquidity” in Item 1A. *Risk Factors* and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources” in this Annual Report.

Cash Flows

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

(in thousands)	Year Ended March 31,	
	2025	2024
Cash provided by (used in):		
Operating activities	\$ (23,613)	\$ (10,156)
Investing activities	(4,947)	(5,869)
Financing activities	19,306	15,713
Effect of exchange rate changes	(3)	(3)
Net change in cash, cash equivalents, and restricted cash	\$ (9,257)	\$ (315)

Net Cash Used in Operating Activities

Net cash used in operating activities increased by \$13.5 million to \$23.6 million for the year ended March 31, 2025 compared to \$10.2 million for the year ended March 31, 2024. The increase was primarily attributable the decrease in revenue and associated gross profit in addition to an increase in large non-recurring costs related to our re-evaluation of Topic 606, and other non-recurring projects.

Net Cash Used in Investing Activities

Net cash used in investing activities was \$4.9 million for the year ended March 31, 2025, primarily attributable to capital expenditures.

Net cash used in investing activities was \$5.9 million for the year ended March 31, 2024, primarily attributable to the implementation costs of a new Enterprise Resource Planning system.

Net Cash Provided by Financing Activities

Net cash provided by financing activities was \$19.3 million for the year ended March 31, 2025 due primarily to borrowings under our Term Loan credit facility.

Net cash provided by financing activities was \$15.7 million for the year ended March 31, 2024 due primarily to borrowings under our Term Loan 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 of business litigation, See Note 10: *Commitments and Contingencies*, to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Contractual Obligations

Contractual obligations are cash amounts that we are obligated to pay as part of certain contracts that we have entered into during the normal course of business. Below is a table that shows our contractual obligations as of March 31, 2025 (in thousands):

(in thousands)	Payments Due by Period				
	Total	1 year or less	1 – 3 Years	3 – 5 Years	More than 5 years
Debt obligations ⁽¹⁾	\$ 129,107	\$ 129,107	\$ —	\$ —	\$ —
Future lease commitments ⁽²⁾	19,111	2,346	3,429	2,481	10,855
Purchase obligations ⁽³⁾	48,612	48,612	—	—	—
Total	<u>\$ 196,830</u>	<u>\$ 180,065</u>	<u>\$ 3,429</u>	<u>\$ 2,481</u>	<u>\$ 10,855</u>

⁽¹⁾ Consists of principal on our Term Loan and PNC Credit Facility.

⁽²⁾ Represents aggregate future minimum lease payments under non-cancelable operating leases.

⁽³⁾ Includes primarily non-cancelable inventory purchase commitments.

Off-Balance Sheet Arrangements

We do not currently have any other off-balance sheet arrangements and do not have any holdings in variable interest entities.

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

The preparation of our consolidated financial statements in accordance with generally accepted accounting principles in the United States of America ("GAAP") 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 Annual Report on Form 10-K. 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 the following 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. The following accounting policies include estimates that require management's subjective or complex judgments about the effects of matters that are inherently uncertain. For information on our significant accounting policies, including the policies discussed below, see Note 1: *Description of Business and Significant Accounting Policies*, to our consolidated financial statements.

Revenue Recognition

Our revenue is derived from three main sources: (a) products, (b) service and subscription, and (c) royalties. Our performance obligations are satisfied at a point in time or over time as stand ready obligations. Product revenue is recognized at the point in time when the customer takes control of the product, which typically occurs at the point of shipment. Service and subscription revenue consists of customer support agreements, software subscriptions, installation, and consulting & training. Our software subscriptions include term licenses which are recognized as revenue when the license has been delivered to the customer and related customer support which is recognized ratably over the service period. Revenue from customer support agreements is recognized ratably over the contractual term of the agreement. Installation services are typically completed within a short period of time and revenue from these services are recognized at the point when installation is complete. A majority of our consulting and training revenue does not take significant time to complete therefore these obligations are satisfied upon completion of such services over time as each day is completed. We license certain products under royalty arrangements, pursuant to which our licensees periodically provide us with reports containing units sold to end users subject to the royalties. The reports substantiate that our performance obligation has been satisfied and we recognize royalty revenue based on the reports or when amounts can be reasonably estimated.

There are significant judgments used when applying Accounting Standards Codification ("ASC") Topic 606 to contracts with customers. Most of our contracts contain multiple goods and services designed to meet each customer's unique storage needs. For contracts with multiple performance obligations, we allocate the transaction price to each performance obligation based on the relative standalone selling price of the good or service underlying each performance obligation. Where standalone selling price may not be directly observable (e.g., the performance obligation is not sold separately), we maximize the use of observable inputs by using information including internal discounting practices, competitor pricing, competitor margins, performance obligations with similar customers and product groupings. Determining the observable inputs and applying them to our performance obligations requires significant judgment. We reassess standalone selling price determination periodically.

Product revenue may be impacted by a variety of price adjustments or other factors, including rebates, returns and stock rotation. We use the expected value method to estimate the net consideration expected to be returned by the customer. We use historical data and current trends to drive our estimates. We record a reduction to revenue to account for these items that may result in variable consideration. We initially measure a returned asset at the carrying amount of the inventory, less any expected costs to recover the goods including potential decreases in value of the returned goods.

Income Taxes

Deferred tax assets and liabilities are recognized based on temporary differences between the financial reporting and tax bases of assets and liabilities, measured at the enacted tax rates expected to apply to taxable income in the years in which those tax assets or liabilities are expected to be realized or settled. Based on the evaluation of available evidence, both positive and negative, we recognize future tax benefits, such as net operating loss carryforwards and tax credit carryforwards, to the extent that realizing these benefits is considered to be more likely than not.

A valuation allowance is provided if we believe it is more likely than not that all or some portion of the deferred tax asset will not be realized. An increase or decrease in the valuation allowance, if any, that results from a change in circumstances, and which causes a change in our judgment about the realizability of the related deferred tax asset, is included in the tax provision.

We recognize the financial statement effects of an uncertain income tax position when it is more likely than not, based on technical merits, that the position will be sustained upon examination. We reevaluate these uncertain tax

positions on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in facts or circumstances and changes in tax law. We recognize penalties and tax-related interest expense as a component of income tax expense in our consolidated statements of operations. See Note 9: *Income Taxes*, to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Inventories

Manufacturing Inventories

Our manufacturing inventory is recorded at the lower of cost or net realizable value, with cost being determined on a first-in, first-out ("FIFO") basis. Costs include material, direct labor, and an allocation of overhead. Adjustments to reduce the cost of manufacturing inventory to its net realizable value, if required, are made for estimated excess, obsolete or impaired balances. Factors influencing these adjustments include declines in demand, rapid technological changes, product life cycle and development plans, component cost trends, product pricing, physical deterioration and quality issues. Revisions to these adjustments would be required if these factors differ from our estimates.

Service Parts Inventories

Our service parts inventories are recorded at the lower of cost or net realizable value, with cost being determined on a FIFO basis. Service parts inventories consist of both component parts, which are primarily used to repair defective units, and finished units, which are provided for customer use permanently or on a temporary basis while the defective unit is being repaired. We record adjustments to reduce the carrying value of service parts inventory to its net realizable value and dispose of parts with no use and a net realizable value of zero. Factors influencing these adjustments include product life cycles, end of service life plans and the volume of enhanced or extended warranty service contracts. Estimates of net realizable value involve significant estimates and judgments about the future, and revisions would be required if these factors differ from our estimates.

Warrant Accounting

We account for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance ASC 480, *Distinguishing Liabilities from Equity* ("Topic 480") and ASC 815, *Derivatives and Hedging* ("Topic 815"). The assessment considers whether the warrants are freestanding financial instruments pursuant to Topic 480, meet the definition of a liability pursuant to Topic 480, and whether the warrants meet all of the requirements for equity classification under Topic 815, including whether the warrants are indexed to the Company's own shares of common stock and whether the warrant holders could potentially require "net cash settlement" in a circumstance outside of the Company's control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding.

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance or modification. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded at their initial fair value on the date of issuance, and each balance sheet date thereafter. This liability is subject to re-measurement at each balance sheet date until exercised, and any change in fair value is recognized in the Company's consolidated statement of operations.

Recently Issued and Adopted Accounting Pronouncements

For recently issued and adopted accounting pronouncements, see Note 1: *Description of Business and Significant Accounting Policies*, to our consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of exposure due to potential changes in inflation or interest rates. We do not hold financial instruments for trading purposes.

Interest Rate Risk

We are subject to interest rate risk on borrowings under our variable interest rate term debt and PNC Credit Facility. See Note 4: *Debt* to our consolidated financial statements for a description of our long-term debt. Changes in the market interest rate will increase or decrease our interest expense. Assuming no change in the outstanding borrowings under the term debt and the PNC Credit Facility during fiscal 2025, a hypothetical 100-basis point increase or decrease in market interest rates sustained throughout the year would not result in a material change to our annual interest expense. Our other long-term debt related to lease obligations have fixed interest rates and terms, and as such, we consider the associated risk to our results of operations from changes in market rates of interest applied to our lease obligations to be minimal.

Foreign Exchange Risk

We conduct business in certain international markets. Because we operate in international markets, we have exposure to different economic climates, political arenas, tax systems and regulations that could affect foreign exchange rates. Our primary exposure to foreign currency risk relates to transacting in foreign currency and recording the activity in U.S. dollars. Changes in exchange rates between the U.S. dollar and these other currencies will result in transaction gains or losses, which we recognize in our consolidated statements of operations.

To the extent practicable, we minimize our foreign currency exposures by maintaining natural hedges between our assets and liabilities and revenues and expenses denominated in foreign currencies. We may enter into foreign exchange derivative contracts or other economic hedges in the future. Our goal in managing our foreign exchange risk is to reduce to the extent practicable our potential exposure to the changes that exchange rates might have on our earnings.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Quantum Corporation

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Quantum Corporation (a Delaware corporation) and subsidiaries (the “Company”) as of March 31, 2025 and 2024, the related consolidated statements of operations and comprehensive loss, changes in stockholders’ deficit, and cash flows for each of the two years in the period ended March 31, 2025, and the related notes (collectively referred to as the consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2025 and 2024, and the results of its operations and its cash flows for each of the two years in the period ended March 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

Going concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company believes it will be in violation of the net leverage coverage covenant for the quarter ended September 30, 2025. The Company’s plan which is also described in Note 1, contemplates the Company negotiating waivers to these covenants and is evaluating strategies to restructure or refinance the existing term debt. If the Company is unable to obtain additional waivers, the term debt will become immediately due, and additional liquidity will be required to satisfy the obligations. The Company’s ability to achieve the foregoing elements of its business, which may be necessary to permit the realization of assets and satisfaction of liabilities in the ordinary course of business, is uncertain and raises substantial doubt about its ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Determination of Standalone Selling Price

As described further in Note 1 to the consolidated financial statements, the Company's contracts with customers often include multiple performance obligations. The transaction price of each contract is allocated to individual performance obligations based upon relative stand-alone selling price ("SSP"). The SSP of performance obligations is determined based on observable prices at which the Company separately sells the products and services or alternative methods. If the SSP is not directly observable, the Company will estimate the SSP considering historical and current selling prices, internal discounting practices, and competitor information for similar products/services, which can require significant judgment and are subject to change based on continuous reevaluation. We identified the determination of the SSP of performance obligations as a critical audit matter.

The principal considerations for our assessment that the determination of the SSP of performance obligations represents a critical audit matter are the high degree of auditor judgment and an increased extent of effort related to evaluating SSP due to the absence of directly observable data which requires the Company to make subjective assumptions used to estimate the SSP for each performance obligation.

Our audit procedures related to the determination of the SSP of performance obligations included the following primary procedures, among others:

- We evaluated the appropriateness of the overall methodology used by management to develop the estimates, including considering whether the methodology maximized the use of observable outputs.
- We tested management's process by evaluating key assumptions for performance obligations that do not include directly observable sales or for performance obligations that do not include sufficient directly observable sales. Specifically, we:
 - considered the consistency with external market and competitor margin data for products and services
 - determined the appropriateness of the categorization and classification of products and services
 - recalculated and validated the inputs used in management's calculations, including selling prices and discounts. Since the inputs were derived from multiple sources and were dependent on the type of revenue for each performance obligation, our audit procedures needed to be tailored accordingly.
 - tested the completeness and accuracy of management's calculations of estimated selling prices, including the allocation between products and services

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2023.

Bellevue, Washington
August 26, 2025

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

	March 31,	
	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 16,464	\$ 25,692
Restricted cash	139	168
Accounts receivable, net of allowance for credit losses of \$99 and \$22, respectively	52,502	67,788
Manufacturing inventories	20,336	17,753
Service parts inventories	2,098	9,783
Prepaid expenses	2,738	2,186
Other current assets	8,529	8,414
Total current assets	102,806	131,784
Property and equipment, net	11,378	12,028
Intangible assets, net	281	1,669
Goodwill	12,969	12,969
Right-of-use assets, net	8,580	9,425
Other long-term assets	19,388	19,740
Total assets	\$ 155,402	\$ 187,615
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 31,463	\$ 26,087
Accrued compensation	9,214	18,214
Deferred revenue, current portion	75,076	78,511
Accrued restructuring charges	786	—
Term debt	96,486	82,496
Revolving credit facility	26,600	26,604
Warrant liabilities	—	4,046
Other accrued liabilities	17,982	13,986
Total current liabilities	257,607	249,944
Deferred revenue, net of current portion	38,847	38,176
Operating lease liabilities	8,934	9,621
Other long-term liabilities	14,380	11,372
Total liabilities	319,768	309,113
Commitments and Contingencies (Note 10)		
Stockholders' deficit		
Preferred stock:		
Preferred stock, 20,000 shares authorized; no shares issued as of March 31, 2025 and 2024, respectively	—	—
Common stock:		
Common stock, \$0.01 par value; 225,000 shares authorized; 6,962 and 4,792 shares issued and outstanding at March 31, 2025 and 2024, respectively	70	48
Additional paid-in capital	779,645	708,027
Accumulated deficit	(942,471)	(827,380)
Accumulated other comprehensive loss	(1,610)	(2,193)
Total stockholders' deficit	(164,366)	(121,498)
Total liabilities and stockholders' deficit	\$ 155,402	\$ 187,615

The accompanying notes are an integral part of these consolidated financial statements.

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

	Year Ended March 31,	
	2025	2024
Revenue		
Product	\$ 154,182	\$ 174,879
Service and subscription	110,658	126,590
Royalty	9,218	10,131
Total revenue	274,058	311,600
Cost of revenue		
Product	119,730	136,419
Service and subscription	44,496	50,292
Total cost of revenue	164,226	186,711
Gross profit	109,832	124,889
Operating expenses		
Sales and marketing	52,320	60,893
General and administrative	63,961	51,547
Research and development	31,141	38,046
Restructuring charges	4,090	3,280
Total operating expenses	151,512	153,766
Loss from operations	(41,680)	(28,877)
Other expense, net	(710)	(1,746)
Interest expense	(23,607)	(15,089)
Change in fair value of warrant liability	(45,270)	5,137
Loss on debt extinguishment, net	(3,003)	—
Net loss before income taxes	(114,270)	(40,575)
Income tax provision	821	711
Net loss	\$ (115,091)	\$ (41,286)
Net loss per share - basic and diluted	\$ (22.35)	\$ (8.68)
Weighted average shares - basic and diluted	5,150	4,754
Net loss	\$ (115,091)	\$ (41,286)
Foreign currency translation adjustments, net	583	(612)
Total comprehensive loss	\$ (114,508)	\$ (41,898)

The accompanying notes are an integral part of these consolidated financial statements.

QUANTUM CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended March 31,	
	2025	2024
Operating activities		
Net loss	\$ (115,091)	\$ (41,286)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	5,598	9,313
Amortization of debt issuance costs	5,475	2,735
Non-cash lease expense	1,606	1,453
Paid-in-kind interest	5,179	2,314
Provision for manufacturing and service inventories	4,877	6,490
Stock-based compensation	2,828	4,721
Change in fair value of warrant liabilities	45,270	(3,943)
Non-cash loss on debt extinguishment	3,003	—
Other non-cash	93	990
Changes in assets and liabilities, net of effect of acquisitions:		
Accounts receivable	15,209	4,846
Manufacturing inventories	(5,879)	(1,396)
Service parts inventories	6,680	11,852
Accounts payable	6,154	(11,193)
Prepaid expenses	(552)	1,971
Operating lease liabilities	(1,490)	(1,536)
Deferred revenue	(2,764)	1,386
Accrued restructuring charges	786	—
Accrued compensation	(9,000)	2,504
Other assets	2,110	(2,198)
Other liabilities	6,295	821
Net cash used in operating activities	(23,613)	(10,156)
Investing activities		
Purchases of property and equipment	(4,947)	(5,869)
Net cash used in investing activities	(4,947)	(5,869)
Financing activities		
Borrowings of long-term debt, net of debt issuance costs	25,000	12,541
Repayments of long-term debt	(19,129)	(5,747)
Borrowings of credit facility	416,418	421,623
Repayments of credit facility	(418,811)	(412,704)
Proceeds from shares issued related to the SEPA, net	15,828	—
Net cash provided by financing activities	19,306	15,713
Effect of exchange rate changes on cash and cash equivalents	(3)	(3)
Net change in cash, cash equivalents, and restricted cash	(9,257)	(315)
Cash, cash equivalents, and restricted cash at beginning of period	25,860	26,175
Cash, cash equivalents, and restricted cash at end of period	\$ 16,603	\$ 25,860
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 11,927	\$ 12,314
Cash paid for income taxes, net of refunds	\$ 1,814	\$ 1,776
Non-cash transactions		
Purchases of property and equipment included in accounts payable	\$ 850	\$ 661
Right-of-use assets obtained in exchange for new lease liabilities	\$ 678	\$ 594

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:

Cash and cash equivalents	\$ 16,464	\$ 25,692
Restricted cash, current	139	168
Total cash, cash equivalents and restricted cash at the end of period	\$ 16,603	\$ 25,860

The accompanying notes are an integral part of these consolidated financial statements.

QUANTUM CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(in thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Deficit
	Shares	Amount				
March 31, 2023	<u>4,678</u>	<u>\$ 47</u>	<u>\$ 703,259</u>	<u>\$ (786,094)</u>	<u>\$ (1,581)</u>	<u>\$ (84,369)</u>
Net loss	—	—	—	(41,286)	—	(41,286)
Foreign currency translation adjustments, net of income taxes	—	—	—	—	(612)	(612)
Shares issued under employee incentive plans, net	114	1	(1)	—	—	—
Warrants issued related to long-term debt	—	—	49	—	—	49
Stock-based compensation	—	—	4,720	—	—	4,720
March 31, 2024	<u>4,792</u>	<u>\$ 48</u>	<u>\$ 708,027</u>	<u>\$ (827,380)</u>	<u>\$ (2,193)</u>	<u>\$ (121,498)</u>
Net loss	—	—	—	(115,091)	—	(115,091)
Foreign currency translation adjustments, net of income taxes	—	—	—	—	583	583
Shares issued under employee incentive plans, net	157	2	(2)	—	—	—
Warrants exercised related to long-term debt	856	9	52,975	—	—	52,984
Shares issued related to the SEPA, net	1,157	11	15,817	—	—	15,828
Stock-based compensation	—	—	2,828	—	—	2,828
March 31, 2025	<u>6,962</u>	<u>\$ 70</u>	<u>\$ 779,645</u>	<u>\$ (942,471)</u>	<u>\$ (1,610)</u>	<u>\$ (164,366)</u>

The accompanying notes are an integral part of these consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Description of Business

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

Basis of Presentation

The consolidated financial statements and accompanying notes have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”). All intercompany balances and transactions have been eliminated. The Company reviews subsidiaries and affiliates, as well as other entities, to determine if they should be considered variable interest entities (“VIE”), and whether it should change the consolidation determinations based on changes in their characteristics. The Company considers an entity a VIE if its equity investors own an interest therein that lacks the characteristics of a controlling financial interest or if such investors do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support or if the entity is structured with non-substantive voting interests. To determine whether or not the entity is consolidated with the Company’s results, the Company also evaluates which interests are variable interests in the VIE and which party is the primary beneficiary of the VIE.

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 \$.01 per share (“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”) and set forth in a public

announcement. 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 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 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 believes it will be in violation of the net leverage covenant under the Term Loan for the quarter ended September 30, 2025. Additionally, under the terms of the Term Loan, the Company is required to use certain proceeds of the SEPA to pay down the Term Loan. The Company is currently negotiating waivers to these covenants and is evaluating strategies to restructure or refinance the existing term debt. On August 13, 2025, the Company terminated the PNC Credit Facility. If the Company is unable to obtain additional waivers, the term debt will become immediately due, and additional liquidity will be required to satisfy the obligations. Due to the fact that a violation of the debt covenants results in the debt becoming currently payable, the long-term portion of the term debt and PNC Credit Facility have been classified as a current liability in the accompanying consolidated balance sheet as of March 31, 2025. See Note 4: *Debt* for additional information related to the Company’s credit agreements.

The 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. Our credit facilities are collateralized by a pledge of all our 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.

Cash and Cash Equivalents

The Company has cash deposits and cash equivalents deposited in or managed by major financial institutions. Cash equivalents include all highly liquid investment instruments with an original maturity of three months or less and consist primarily of money market accounts. At times the related amounts are in excess of amounts insured by the Federal Deposit Insurance Corporation. The Company has not experienced any losses with these financial institutions and does not believe such balances are exposed to significant credit risk.

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.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are recorded at the invoiced amount, and stated at realizable value, net of an allowance for credit losses. The Company maintains an allowance for credit losses for estimated losses based on historical experience and expected collectability of outstanding accounts receivable. The Company performs ongoing credit evaluations of its customers' financial condition, and for the majority of its customers require no collateral. For customers that do not meet the Company's credit standards, the Company may require a form of collateral, such as cash deposits or letters of credit, prior to the completion of a transaction. These credit evaluations require significant judgment and are based on multiple sources of information. The Company analyzes such factors as its historical bad debt experience, industry and geographic concentrations of credit risk, current economic trends and changes in customer payment terms. The Company will write-off customer balances in full to the reserve when it has determined that the balance is not recoverable. Changes in the allowance for credit losses are recorded in general and administrative expenses.

Fair Value of Financial Instruments

The carrying value of our financial instruments, excluding debt and warrants, approximates fair value.

Manufacturing Inventories

Manufacturing inventory is recorded at the lower of cost or net realizable value, with cost being determined on a first-in, first-out ("FIFO") basis. Costs include material, direct labor, and an allocation of overhead in the case of work in process. Adjustments to reduce the cost of manufacturing inventory to its net realizable value, if required, are made for estimated excess, obsolete or impaired balances. Factors influencing these adjustments include declines in demand, rapid technological changes, product life cycle and development plans, component cost trends, product pricing, physical deterioration and quality issues. Revisions to these adjustments would be required if these factors differ from the Company's estimates.

Service Parts Inventories

Service parts inventories are recorded at the lower of cost or net realizable value, with cost being determined on a FIFO basis. The Company carries service parts because it generally provides product warranty for one to three years and earns revenue by providing enhanced and extended warranty and repair services during and beyond this warranty period. Service parts inventories consist of both component parts, which are primarily used to repair defective units, and finished units, which are provided for customer use permanently or on a temporary basis while the defective unit is being repaired. The Company records adjustments to reduce the carrying value of service parts inventory to its net realizable value and disposes of parts with no use and a net realizable value of zero. Factors influencing these adjustments include product life cycles, end of service life plans and volume of enhanced or extended warranty service contracts. Estimates of net realizable value involve significant estimates and judgments about the future, and revisions would be required if these factors differ from the Company's estimates.

Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation and amortization, computed on a straight-line basis over the estimated useful lives of the assets as follows:

Machinery and equipment	3 to 5 years
Computer equipment	3 to 5 years
Other software	3 years
Furniture and fixtures	5 years
Other office equipment	5 years
Leasehold improvements	Shorter of useful life or life of lease

When assets are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the balance sheet and any resulting gain or loss is reflected in the consolidated statements of operations and comprehensive loss in the period realized.

The Company evaluates the recoverability of the carrying amount of its property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be fully recoverable. A potential impairment charge is evaluated when the undiscounted expected cash flows derived from an asset group are less than its carrying amount. Impairment losses, if applicable, are measured as the amount by which the carrying value of an asset group exceeds its fair value and are recognized in operating results. Judgment is used

when applying these impairment rules to determine the timing of impairment testing, the undiscounted cash flows used to assess impairments and the fair value of the asset group.

In fiscal 2022, we entered into a new lease in Centennial, Colorado and we incurred material leasehold improvements which are being amortized over the term of the lease. At the time of inception, this term was 15.5 years and as at March 31, 2025 there are 12.4 years remaining.

Goodwill

Goodwill represents the excess of the purchase price consideration over the estimated fair value of the tangible and intangible assets acquired and liabilities assumed in a business combination. Goodwill is evaluated for impairment annually in the third quarter of the Company's fiscal year as a single reporting unit, and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. The Company may elect to qualitatively assess whether it is more likely than not that the fair value of its reporting unit is less than its carrying value. If the Company opts not to qualitatively assess, a quantitative goodwill impairment test is performed. The quantitative test compares its reporting unit's carrying amount, including goodwill, to its fair value calculated based on its enterprise value. If the carrying amount exceeds its fair value, an impairment loss is recognized for the excess. The Company did not recognize any impairment of goodwill in any of the periods presented in the consolidated financial statements.

Purchased Intangible Assets

Purchased intangible assets with finite lives are stated at cost, net of accumulated amortization. The Company amortizes its intangible assets on a straight-line basis over an estimated useful life of two to four years.

Impairment of Long-Lived Assets

The Company reviews its long-lived asset group, including property and equipment and finite-lived intangible assets, for impairment annually, or whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. The Company measures the recoverability of this asset group by comparing the carrying amounts to the future undiscounted cash flows the asset group is expected to generate. If the total of the future undiscounted cash flows is less than the carrying amount of an asset group, the Company records an impairment charge for the amount by which the carrying amount of the asset group exceeds its fair market value.

Operating Leases

The Company determines if an arrangement contains a lease at inception. Lease liabilities are recognized at the present value of the future lease payments at commencement date. The interest rate implicit in the Company's operating leases are not readily determinable, and therefore an incremental borrowing rate is estimated to determine the present value of future payments. The estimated incremental borrowing rate factors in a hypothetical interest rate on a collateralized basis with similar terms, payments, and economic environments. The operating lease right-of-use ("ROU") asset is determined based on the lease liability initially established and reduced for any prepaid lease payments and any lease incentives. The Company accounts for the lease and non-lease components of operating lease contract consideration as a single lease component.

Certain of the operating lease agreements contain rent concession, rent escalation, and option to renew provisions. Rent concession and rent escalation provisions are considered in determining the lease cost. Lease cost is recognized on a straight-line basis over the lease term commencing on the date the Company has the right to use the leased property. The Company generally uses the base, non-cancelable, lease term when recognizing the lease assets and liabilities, unless it is reasonably certain that an extension or termination option will be exercised.

Certain operating leases require the Company to pay taxes, insurance, maintenance, and other operating expenses associated with the leased asset. Such amounts are not included in the measurement of the lease liability to the extent they are variable in nature. These variable lease costs are recognized as a variable lease expense when incurred.

In addition, certain operating lease agreements contain tenant improvement allowances from the Company's landlords. These allowances are accounted for as lease incentives and reduce its ROU asset and lease cost over the lease term.

The Company has applied the practical expedient for short-term leases which have a lease term of less than twelve months and do not include an option to purchase the underlying asset that is reasonably certain to be exercised, the Company recognizes rent expense in the consolidated statements of operations and comprehensive loss on a straight-line basis over the lease term and record variable lease payments as incurred.

Revenue Recognition

The Company generates revenue from three main sources: (1) product, (2) service and subscription, and (3) royalties. Sales tax collected on sales is netted against government remittances and thus, recorded on a net basis. The Company's performance obligations are satisfied at a point in time or over time as stand ready obligations. The majority of revenue is recognized at a point in time when products are accepted or based upon shipping terms when control transfers.

Product Revenue

The Company's product revenue is comprised of multiple storage solution hardware and software offerings targeted towards consumer and enterprise customers. Revenue from product sales is recognized at the point in time when the customer takes control of the product. If there are significant post-delivery obligations, the related revenue is deferred until such obligations are fulfilled. Revenue from contracts with customer acceptance criteria are recognized upon end user acceptance.

Service and Subscription Revenue

Service and subscription revenue consists of four components: (a) post-contract customer support agreements, (b) software subscriptions, (c) installation, and (d) consulting & training.

Customers have the option to choose between different levels of hardware and software support. The Company's support plans include various stand-ready obligations such as technical assistance hot-lines, replacement parts maintenance, and remote monitoring that are delivered whenever called upon by its customers. Support plans provide additional services and assurance outside the scope of the Company's primary product warranties. Revenue from support plans is recognized ratably over the contractual term of the service contract as this aligns with delivery to the customer.

The Company also sells software subscriptions that include term licenses which are recognized as revenue when the license is delivered to the customer and related customer support which is recognized ratably over the service period.

The Company offers installation services on all its products. Customers can opt to either have Quantum or a Quantum-approved third-party service provider install its products. Installation services are typically completed within a short period of time and revenue from these services are recognized at the point when installation is complete.

A majority of the Company's consulting and training revenue does not take significant time to complete therefore these obligations are satisfied over time as each day is completed.

Royalty Revenue

The Company licenses certain intellectual property to third party manufacturers which gives the manufacturers rights to intellectual property including the right to either manufacture or include the intellectual property in their products for resale. Licensees pay the Company a per-unit royalty for sales of their products that incorporate its intellectual property. On a periodic and timely basis, the licensees provide the Company with reports containing units sold to end users subject to the royalties. The reports substantiate that the performance obligation has been satisfied therefore revenue is recognized based on the reports or when amounts can be reasonably estimated.

Deferred Revenue

Deferred revenue primarily consists of amounts that have been invoiced, which are typically with net 45-day payment terms, but have not yet been recognized as revenue and performance obligations pertaining to service and

subscription contracts. The current portion of deferred revenue represents the amounts that are expected to be recognized as revenue within one year of the consolidated balance sheet dates.

Significant Judgments

The Company generally enters into contracts with customers to provide storage solutions to meet their individual needs. Most of the Company's contracts contain multiple goods and services designed to meet each customer's unique storage needs. Contracts with multiple goods and services have multiple distinct performance obligations as the promise to transfer hardware, installation services, and support services are capable of being distinct and provide economic benefit to customers on their own.

Stand-alone selling price

For contracts with multiple performance obligations, the Company allocates the transaction price to each performance obligation based on the relative standalone selling price ("SSP") of the good or service underlying each performance obligation. The SSP represents the amount for which the Company would sell the good or service to a customer on a standalone basis (i.e., not sold as a bundle with any other products or services). Where SSP may not be directly observable (e.g., the performance obligation is not sold separately), the Company maximized the use of observable inputs by using information including historical and current selling prices, internal discounting practices, competitor information for similar customers and similar products/services, and other observable inputs.

Variable consideration

Product revenue includes multiple types of variable consideration, such as rebates, returns, or stock rotations. All contracts with variable consideration require payment upon satisfaction of the performance obligation typically with net 45-day payment terms. The Company does not include significant financing components in its contracts. The Company constrains estimates of variable consideration to amounts that are not expected to result in a significant revenue reversal in the future, primarily based on the expected value of consideration to be returned to the customer under the specific terms of the underlying programs.

The expected value method is used to estimate the consideration expected to be returned to the customer. The Company uses historical data and current trends to drive the estimates. The Company records a reduction to revenue to account for these programs. For inventory returns, the Company initially measures this asset at the carrying amount of the inventory, less any expected costs to recover the goods including potential decreases in the value of the returned goods.

Costs of Obtaining Contracts with Customers

The Company's primary cost to obtain contracts is sales commissions earned by sales representatives. These costs are incremental and expected to be recovered indirectly through the margin inherent within the contract. A large portion of the Company's contracts are completed within a one-year performance period, and for contracts with a specified term of one year or less, the Company has elected to apply a practical expedient available in Topic 340-40: *Other Assets and Deferred Costs – Contracts with Customers*, which allows the Company to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Company would otherwise have recognized is one year or less.

Sales commissions earned on contracts exceeding one year qualify for capitalization after application of the practical expedient. The duration of these contracts ranges from 1-7 years. Total capitalized costs were \$2.3 million, \$2.7 million and \$2.0 million for fiscal 2025, 2024 and 2023, respectively. Total amortization of capitalized costs of obtaining revenue contracts were \$1.3 million, \$0.9 million and \$0.5 million for fiscal 2025, 2024 and 2023, respectively. These costs are recognized straight line over the associated sales contract term.

Cost of Service and Subscription Revenue

The Company classifies expenses as service cost of revenue by estimating the portion of its total cost of revenue that relates to providing field support to its customers under contract. These estimates are based upon a variety of factors, including the nature of the support activity and the level of infrastructure required to support the activities

from which it earns service and subscription revenue. In the event its service business changes, its estimates of cost of service and subscription revenue may be impacted.

Research and Development Costs

Expenditures relating to the development of new products and processes are expensed as incurred. These costs include expenditures for employee compensation, materials used in the development effort, other internal costs, as well as expenditures for third party professional services. The Company has determined that technological feasibility for its software products is reached shortly before the products are released to manufacturing. Costs incurred after technological feasibility is established have not been material. The Company expenses software-related research and development costs as incurred.

Internal-use Software Costs

The Company capitalizes costs incurred to implement software solely for its internal use, including (i) hosted applications used to deliver the Company's support services, and (ii) certain implementation costs incurred in a hosting arrangement that is a service contract when the preliminary project stage is complete, management with the relevant authority authorizes and commits to the funding of the software project, and it is probable the project will be completed and used to perform the intended function.

Software implementation costs are capitalized to either other current assets or other long-term assets on the Company's consolidated balance sheet and amortized over 10 years starting when the software is ready for its intended use. Software implementation costs capitalized were \$1.0 million and \$5.0 million in fiscal 2025 and 2024, respectively. Related amortization expense for software implementation costs was \$1.8 million and \$0.1 million during fiscal 2025 and 2024, respectively.

Advertising Expense

Advertising expense is recorded as incurred and was \$2.0 million and \$2.5 million in fiscal 2025 and 2024, respectively.

Shipping and Handling Fees

Shipping and handling fees are included in cost of revenue as incurred and were \$6.8 million and \$9.7 million in fiscal 2025 and 2024, respectively.

Restructuring Reserves

Restructuring reserves include charges related to the realignment and restructuring of the Company's business operations. These charges represent judgments and estimates of the Company's costs of severance, closure and consolidation of facilities and settlement of contractual obligations under its operating leases, including sublease rental rates, asset write-offs and other related costs. The Company reassesses the reserve requirements to complete each individual plan under the restructuring programs at the end of each reporting period. If these estimates change in the future or actual results differ from the Company's estimates, additional charges may be required. See Note 6: *Restructuring Charges* for more information.

Foreign Currency Translation

The Company's international operations generally use their local currency as their functional currency. Assets and liabilities are translated at exchange rates in effect at the balance sheet date. Income and expense accounts are translated at the average monthly exchange rates during the year. Resulting translation adjustments are reported as a component of other comprehensive loss and recorded in accumulated other comprehensive loss in the accompanying consolidated balance sheets.

Warrant Accounting

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance ASC Topic 480, *Distinguishing Liabilities from Equity* ("Topic 480") and ASC Topic 815, *Derivatives and Hedging* ("Topic 815"). The assessment considers whether the warrants are freestanding financial instruments pursuant to Topic 480, meet the definition of a liability pursuant to Topic 480, and whether the warrants meet all of the requirements for equity classification under Topic 815, including whether the warrants are indexed to the Company's own common shares and whether the warrant holders could potentially require "net cash settlement" in a circumstance outside of the Company's control,

among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding.

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance or modification. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded at their initial fair value on the date of issuance, and each balance sheet date thereafter. This liability is subject to re-measurement at each balance sheet date until exercised, and any change in fair value is recognized in the Company's consolidated statement of operations. All Lender Warrants were exercised as of March 31, 2025.

Income Taxes

The Company accounts for income taxes in accordance with ASC Topic 740, *Income Taxes*, in which deferred tax asset and liabilities are recognized based on differences between the financial reporting carrying values of assets and liabilities and the tax basis of those assets and liabilities, measured at the enacted tax rates expected to apply to taxable income in the years in which those tax assets or liabilities are expected to be realized or settled.

A valuation allowance is provided if the Company believes it is more likely than not that all or some portion of the deferred tax asset will not be realized. An increase or decrease in the valuation allowance, if any, that results from a change in circumstances, and which causes a change in the Company's judgment about the realizability of the related deferred tax asset, is included in the tax provision.

The Company assesses whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized in the consolidated financial statements from such a position is measured as the largest amount of benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. The Company reevaluates these uncertain tax positions on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in facts or circumstances and changes in tax law. The Company recognizes penalties and tax-related interest expense as a component of income tax expense in the consolidated statements of operations.

Asset Retirement Obligations

The Company records an asset retirement obligation for the fair value of legal obligations associated with the retirement of tangible long-lived assets and a corresponding increase in the carrying amount of the related asset in the period in which the obligation is incurred. In periods subsequent to initial measurement, the Company recognizes changes in the liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate. Over time, the liability is accreted to its present value and the capitalized cost is depreciated over the estimated useful life of the asset. The Company's obligations relate primarily to certain legal obligations to remediate leased property on which certain assets are located.

Warranty Expense

The Company warrants its products against certain defects and the terms range from one to three years. The Company provides for the estimated costs of fulfilling its obligations under hardware warranties at the time the related revenue is recognized. The Company estimates the provision based on historical and projected product failure rates, historical and projected repair costs, and knowledge of specific product failures (if any). The Company regularly reassess its estimates to determine the adequacy of the recorded warranty liability and adjusts the provision, as necessary.

Debt Issuance Costs

Debt issuance costs for the PNC Credit Facility are capitalized and amortized over the term of the underlying agreements on a straight-line basis. Amortization of these debt issuance costs is included in interest expense while the unamortized debt issuance cost balance is included in other current assets or other assets. Debt issuance costs

for the Term Loans are recorded as a reduction to the carrying amount and are amortized over their terms using the effective interest method. Amortization of these debt issuance costs is included in interest expense.

Stock-Based Compensation

The Company classifies stock-based awards granted in exchange for services as either equity awards or liability awards. The classification of an award as either an equity award or a liability award is generally based upon cash settlement options. Equity awards are measured based on the fair value of the award at the grant date. Liability awards are re-measured to fair value each reporting period. The Company recognizes stock-based compensation on a straight-line basis over the award's requisite service period, which is generally the vesting period of the award, less actual forfeitures. No compensation expense is recognized for awards for which participants do not render the requisite services. For equity and liability awards earned based on performance or upon occurrence of a contingent event, when and if the awards will be earned is estimated. If an award is not considered probable of being earned, no amount of stock-based compensation is recognized. If the award is deemed probable of being earned, related compensation expense is recorded over the estimated service period. To the extent the estimate of awards considered probable of being earned changes, the amount of stock-based compensation recognized will also change. We account for forfeitures as they occur for all stock-based awards.

Concentration of Credit Risk

The Company sells products to customers in a wide variety of industries on a worldwide basis. In countries or industries where the Company is exposed to material credit risk, the Company may require collateral, including cash deposits and letters of credit, prior to the completion of a transaction. The Company does not believe it has significant credit risk beyond that provided for in the consolidated financial statements in the ordinary course of business.

In fiscal 2025 and 2024, no customer represented more than 10% of the Company's total revenue.

No customer comprised over 10% of accounts receivable as of March 31, 2025. One customer comprised approximately 23% of accounts receivable as of March 31, 2024.

If the Company is unable to obtain adequate quantities of the inventory needed to sell its products, the Company could face cost increases or delays or discontinuations in product shipments, which could have a material adverse effect on the Company's results of operations. In many cases, the Company's chosen vendor may be the sole source of supply for the products or parts they manufacture, or services they provide, for the Company. Some of the products the Company purchases from these sources are proprietary or complex in nature, and therefore cannot be readily or easily replaced by alternative sources.

Segment Reporting

The Company's chief operating decision-maker ("CODM") is its Chief Executive Officer who makes resource allocation decisions and assesses performance based on financial information presented on a consolidated basis. The CODM reviews and utilizes consolidated financial information, including revenue, gross profit, operating income and net income as reported on the consolidated statements of operations, to assess performance and allocate resources to support strategic priorities. Consolidated net loss is our segment's primary measure of profit or loss. The measure of segment assets is reported on the consolidated balance sheets as total consolidated assets. There are no segment managers who are held accountable by the CODM, or anyone else, for operations, operating results, and planning for levels or components below the consolidated unit level. Accordingly, the Company has one reportable segment and operates in three geographic regions: (a) Americas; (b) Europe, Middle East, and Africa ("EMEA"); and (c) Asia Pacific ("APAC"). See Note 12: *Segment Information* for more information.

Defined Contribution Plan

The Company sponsors a qualified 401(k) retirement plan for its U.S. employees. The plan covers substantially all employees who have attained the age of 18. Participants may voluntarily contribute to the plan up to the maximum limits established by Internal Revenue Service regulations. For the years ended March 31, 2025 and 2024, the Company incurred \$0.3 million and \$1.4 million in matching contributions, respectively. The Company suspended its program of matching contributions under the 401(k) retirement plan as of July 2024.

Recently Adopted Accounting Pronouncement

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-07, Segment Reporting (Topic 280): *Improvements to Reportable Segment Disclosures*, which requires disclosure of incremental segment information on an annual and interim basis. We adopted this standard for our annual period beginning fiscal year 2025 on a retrospective basis to all periods presented. The adoption of this standard did not result in a significant change to our consolidated financial statement disclosures.

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. We are 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. We are currently evaluating the impact of this new standard on our financial statement disclosures.

NOTE 2: REVENUE

Contract Balances

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

	March 31, 2025	March 31, 2024	March 31, 2023
Accounts receivable, net	\$ 52,502	\$ 67,788	\$ 72,464
Deferred revenue	\$ 113,923	\$ 116,687	\$ 115,302
Revenue recognized in the period from amounts included in contract liabilities at the beginning of the period	\$ 74,048	\$ 76,304	\$ 83,113

Remaining Performance Obligations

Total remaining performance obligations ("RPO") which is contracted but not recognized revenue was \$138.0 million as of March 31, 2025. RPO consists of both deferred revenue and non-cancelable amounts that are expected to be invoiced and recognized as revenue in future periods and excludes variable consideration related to sales-based royalties.

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

	Current	Non-Current	Total
As of March 31, 2025	\$ 97,013	\$ 41,010	\$ 138,023

Deferred revenue primarily consists of amounts invoiced and paid but not recognized as revenue including performance obligations pertaining to subscription services. The table below reflects our deferred revenue as of March 31, 2025 (in thousands):

Deferred revenue by period

(in thousands)	Total	1 year or less	1 – 3 Years	3 year or greater
Service revenue	\$ 94,462	\$ 65,498	\$ 23,342	\$ 5,622
Subscription revenue	19,461	9,578	7,918	1,965
Total	\$ 113,923	\$ 75,076	\$ 31,260	\$ 7,587

NOTE 3: BALANCE SHEET INFORMATION

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

Manufacturing inventories

	March 31,	
	2025	2024
Manufactured finished goods	\$ 10,471	\$ 7,074
Work in progress	380	769
Raw materials	9,485	9,910
Total manufacturing inventories	\$ 20,336	\$ 17,753

Service inventories

	March 31,	
	2025	2024
Finished goods	\$ 1,189	\$ 3,660
Component parts	909	6,123
Total service inventories	\$ 2,098	\$ 9,783

Property and equipment, net

	March 31,	
	2025	2024
Machinery and equipment, and software	\$ 47,385	\$ 49,095
Leasehold improvements	13,529	12,473
Furniture and fixtures	1,095	1,109
	62,009	62,677
Less: accumulated depreciation	(50,631)	(50,649)
Total property, plant and equipment, net	\$ 11,378	\$ 12,028

Depreciation expense for property and equipment was \$4.2 million and \$6.0 million for the years ended March 31, 2025 and 2024, respectively.

Intangibles, net

	March 31, 2025			March 31, 2024		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Developed technology	\$ 9,013	\$ (9,013)	\$ —	\$ 9,013	\$ (8,550)	\$ 463
Customer lists	4,398	(4,117)	281	4,398	(3,192)	1,206
Intangible assets, net	\$ 13,411	\$ (13,130)	\$ 281	\$ 13,411	\$ (11,742)	\$ 1,669

Intangible assets amortization expense was \$1.4 million and \$3.3 million for the years ended March 31, 2025 and 2024, respectively. As of March 31, 2025, the remaining weighted-average amortization period for definite-lived intangible assets was approximately 0.3 years. The Company recorded amortization of developed technology in cost of product revenue, and customer lists in sales and marketing expenses in the consolidated statements of operations.

As of March 31, 2025, the future expected amortization expense for intangible assets is as follows (in thousands):

Fiscal year ending	Estimated future amortization expense	
Fiscal year 2026	\$	281
Total	\$	281

Goodwill

	Amount	
Balance at March 31, 2024	\$	12,969
Goodwill acquired		—
Balance at March 31, 2025	\$	12,969

Other long-term assets

	March 31,	
	2025	2024
Capitalized SaaS implementation costs for internal use	\$ 13,910	\$ 15,349
Capitalized debt costs	2,871	1,923
Contract cost asset	1,144	1,477
Other	1,463	991
Total other long-term assets	\$ 19,388	\$ 19,740

Other accrued liabilities

	March 31,	
	2025	2024
Accrued expenses	\$ 7,558	\$ 4,251
Asset retirement obligation	3,497	2,069
Accrued income taxes	528	1,044
Accrued warranty	1,032	1,545
Accrued interest	350	524
Lease liability	856	1,256
Other	4,161	3,297
Total other accrued liabilities	\$ 17,982	\$ 13,986

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

	Year Ended March 31,	
	2025	2024
Balance as of April 1	\$ 1,545	\$ 2,094
Current period accruals	2,333	2,563
Adjustments to prior estimates	46	(141)
Charges incurred	(2,735)	(2,971)
Reclassification to long-term warranty	(157)	—
Balance as of March 31	\$ 1,032	\$ 1,545

NOTE 4: DEBT

The following table summarizes the Company's borrowing as of the dates presented (in thousands):

	Year Ended March 31,	
	2025	2024
Term Loan	\$ 102,507	\$ 87,942
PNC Credit Facility	26,600	26,604
Less: current portion	(123,086)	(109,100)
Less unamortized debt issuance costs ⁽¹⁾	(6,021)	(5,446)
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 consolidated balance sheets. Unamortized debt issuance costs related to the PNC Credit Facility are presented within other assets on the accompanying 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 has a revolving credit facility agreement with PNC Bank (as amended, the "PNC Credit Facility" and together with the Term Loan (as defined below), the "Credit Agreements") maturing on August 5, 2026 and providing for borrowings up to a maximum principal amount of the lesser of: (a) \$40.0 million or (b) the amount of the borrowing base, as defined in the PNC Credit Facility agreement.

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 loan term. The terms of the 2023 Term Loan are substantially similar to the terms of the 2021 Term Loan, including in relation to maturity and security, except that, among other things, (a) the Applicable Margin (i) for any 2023 Term Loan designated an "ABR Loan" is 9.00% per annum and (ii) for any 2023 Term Loan designated as a "SOFR Loan" is 10.00% per annum, (b) accrued interest on the 2023 Term Loan is payable in kind ("PIK"), and is capitalized and added to the principal amount of the 2023 Term Loan at the end of each interest period applicable thereto, (c) the 2023 Term Loan does not amortize prior to the maturity date thereof, and (d) the 2023 Term Loan may not be prepaid prior to the payment in full of the existing term loans. In connection with the 2023 Term Loan, the Company issued warrants to purchase an aggregate of 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 loan term. The Company incurred \$0.9 million of legal and financial advisory fees which were included in general and administrated expenses in the condensed consolidated statement of operations and comprehensive loss. The June 2023 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.

The June 2023 Amendment and the June 2023 Warrants were entered into with and issued to certain entities managed by Pacific Investment Management Company, LLC ("PIMCO") which is considered a related party due to the fact that Christopher D. Neumeyer is a member of the Company's Board of Directors and also an executive vice president and portfolio manager at PIMCO. The principal and PIK interest related to the June 2023 Amendment which totaled \$17.3 million as of March 31, 2024 are payable at maturity.

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 loan term. In connection with the related PNC Credit Facility amendment, the Company incurred \$0.2 million in fees and expenses.

On March 22, 2024, the Company entered into 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 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 loan term. 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 loan term. 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 financial covenant for the fiscal quarter ending September 30, 2024; (v) replaced the net leverage 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 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 loan terms. 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.

As of March 31, 2025, the interest rate on the 2021 Term Loan, 2023 Term Loan, and 2024 Term Loans were 14.34%, 14.59% and 16.59%, respectively. As of March 31, 2025, the interest rate on the PNC Credit Facility for Domestic Rate Loans and Swing Loans was 11.25% and for PNC SOFR Loans was 9.17%.

As of March 31, 2025, the PNC Credit Facility had a borrowing base of \$27.0 million which includes a reduction of \$0.7 million related to outstanding letters of credit issued on the Company's behalf. As of March 31, 2025, there was \$0.4 million available to borrow under the PNC Credit Facility.

On January 27, 2025, the Company filed a registration statement on Form S-1 related to the resale, from time to time, of up to 2,302,733 shares of Common Stock in connection with the SEPA. The Registration Statement on Form S-1 was declared effective February 11, 2025.

NOTE 5: LEASES

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

Operating leases	Year Ended March 31,	
	2025	2024
Operating lease right-of-use assets	\$ 8,580	\$ 9,425
Other current liabilities	\$ 856	\$ 1,256
Operating lease liability	8,934	9,621
Total operating lease liabilities	\$ 9,790	\$ 10,877

The components of lease expense were as follows (in thousands):

Lease expense	Year Ended March 31,	
	2025	2024
Operating lease expense	\$ 2,895	\$ 3,007
Variable lease expense	263	291
Short-term lease expense	48	—
Total lease expense	\$ 3,206	\$ 3,298

Maturity of Lease Liabilities	Operating Leases	
Fiscal year ending 2026	\$	2,346
2027		1,832
2028		1,597
2029		1,240
2030		1,241
Thereafter		10,855
Total lease payments	\$	19,111
Less: Imputed interest		(9,321)
Present value of lease liabilities	\$	9,790

Lease Term and Discount Rate	March 31,	
	2025	2024
Weighted average remaining operating lease term (years)	10.19	10.53
Weighted average discount rate for operating leases	12.59 %	12.64 %

Operating cash outflows related to operating leases totaled \$2.8 million and \$2.9 million for the fiscal years ended March 31, 2025 and March 31, 2024, respectively.

NOTE 6: RESTRUCTURING CHARGES

During fiscal years 2025 and 2024, the Company approved certain restructuring plans to improve operational efficiencies and rationalize its cost structure. All restructuring activities from 2024 fiscal year were completed by the fourth quarter of fiscal 2024. During fiscal year 2025, all employees were notified however due to local requirements, not all employees had left employment by the end of the fiscal year. No asset impairments occurred in fiscal year 2025 or in fiscal year 2024.

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

	Severance and benefits
Balance as of March 31, 2023	\$ —
Restructuring costs	3,280
Cash payments	(3,280)
Balance as of March 31, 2024	—
Restructuring costs	4,090
Cash payments	(3,266)
Other non-cash	(38)
Balance as of March 31, 2025	\$ 786

NOTE 7: COMMON STOCK

In the fiscal year ended March 31, 2023, the Company's stockholders approved an increase in its authorized shares of common stock from 125 million to 225 million.

Long-Term Incentive Plan

The Company maintains two stockholder-approved incentive plans, the 2012 Long-Term Incentive Plan (the "2012 Plan") and the 2023 Long-Term Incentive Plan (the "2023 LTIP"). The 2023 LTIP serves as the successor to the Company's 2012 Plan and provides for grants of performance share units, restricted stock units and stock options. On August 15, 2024, the stockholders of the Company approved an additional 250,000 shares of Common Stock under the 2023 LTIP for future issuance.

Equity awards typically vest between one and three years. Stock options, performance shares and restricted stock grants to non-employee directors typically vest over one year. The term of each stock option under the 2023 Plan will not exceed seven years. Stock options, performance share units and restricted stock units granted under the 2023 Plan are subject to forfeiture if employment terminates.

The 2023 Plan has 0.7 million shares authorized for issuance of new shares, with 0.5 million performance shares and restricted shares outstanding, and 0.1 million shares available for future issuance under the Plan as of March 31, 2025.

2021 Inducement Plan

The Company's 2021 Inducement Plan (the "2021 Inducement Plan") became effective on February 1, 2021 and provides for issuance of inducement equity awards to individuals who were not previously an employee or non-employee director of the Company as an inducement material to such individual's entering into employment with the Company. The term of each stock option and restricted stock unit under the plan will not exceed seven years, and each award generally vests between two and three years.

On December 30, 2022 the Leadership and Compensation Committee of the Board of Directors approved an amendment to the 2021 Inducement Plan to increase the number of shares of common stock of the Company authorized for issuance thereunder from 38,500 to 0.1 million. There were 38,380 shares available for future issuance as of March 31, 2025.

The Company accounts for all forfeitures of stock-based awards when they occur.

Employee Stock Purchase Plan

The Company's has an Employee Stock Purchase Plan (the "ESPP") which enables eligible employees to purchase shares of its common stock at a discount. Purchases will be accomplished through participation in discrete offering periods. On each purchase date, eligible employees will purchase the Company's common stock at a price per share equal to 85% of the lesser of (i) the fair market value of the Company's common stock on the first trading day of the offering period, and (ii) the fair market value of the Company's common stock on the purchase date.

The Company has reserved shares of common stock for future issuance under its ESPP as follows (in thousands):

	March 31,	
	2025	2024
Shares available for issuance at beginning of period	4.4	4.4
Shares issued during the period	200	—
Total shares available for future issuance at end of period	204.4	4.4

Performance Stock Units

The Company granted 0 and 6,000 shares of performance share units with market conditions (“Market PSUs”) in fiscal 2025 and 2024, respectively. Market PSUs vest one to three years from the issuance date and become eligible for vesting based on the Company achieving certain stock price targets and are contingent upon continued service of the holder of the award during the vesting period. The estimated fair value of these Market PSUs is determined at the issuance date using a Monte Carlo simulation model.

Assumptions used in the Monte Carlo model to calculate fair values of market PSU’s during each fiscal period are as follows:

Weighted-Average	2025	2024
Discount period (years)	n/a	3.00
Risk-free interest rate	n/a	3.53%
Stock price volatility	n/a	80.50%
Grant date fair value	n/a	\$18.20

The Company granted 180,126 and 46,000 units of performance share units with financial performance conditions (“Performance PSUs”) in the fiscal years ended March 31, 2025 and 2024, respectively. Performance PSUs become eligible for vesting based on the Company achieving certain financial performance targets, and are contingent upon continued service of the holder of the award during the vesting period. Performance PSUs are valued at the market closing share price on the date of grant and compensation expense for Performance PSUs is recognized when it is probable that the performance conditions will be achieved. Compensation expense recognized related to Performance PSUs is reversed if the Company determines that it is no longer probable that the performance conditions will be achieved.

The following table summarizes activity for Market PSUs and Performance PSUs for the year ended March 31, 2025 (shares in thousands):

	Shares	Weighted-Average Grant Date Fair Value per Share
Outstanding as of March 31, 2024	59	\$ 18.59
Granted	180	\$ 4.71
Vested	(13)	\$ 28.90
Forfeited or cancelled	(13)	\$ 8.82
Outstanding as of March 31, 2025	213	\$ 6.87

As of March 31, 2025, there was \$0.8 million of unrecognized stock-based compensation related to Market PSUs and Performance PSUs, which is expected to be recognized over a weighted-average period of 1.5 years.

The total grant date fair value of shares vested during fiscal years ended March 31, 2025 and 2024 was \$0.4 million and \$1.0 million, respectively.

Restricted Stock Units

The Company granted 312,250 and 60,000 of service-based restricted stock units (“RSUs”) in the fiscal years ended March 31, 2025 and 2024, respectively, which generally vest ratably over a three-year service period. RSUs

are valued at the market closing share price on the date of grant and compensation expense for RSUs is recognized ratably over the applicable vesting period.

The following table summarizes activity for restricted stock units for the year ended March 31, 2025 (shares in thousands):

	Shares	Weighted-Average Grant Date Fair Value per Share
Outstanding as of March 31, 2024	152	\$ 41.06
Granted	312	\$ 4.99
Vested	(118)	\$ 31.98
Forfeited or cancelled	(19)	\$ 17.39
Outstanding as of March 31, 2025	327	\$ 11.32

The total grant date fair value of RSUs vested during fiscal years ended March 31, 2025 and 2024 was \$3.8 million and \$6.4 million, respectively.

As of March 31, 2025, there was \$1.5 million of total unrecognized stock-based compensation related to RSUs, which is expected to be recognized over a weighted-average period of 1.3 years.

Compensation Expense

The following table details the Company's stock-based compensation expense (in thousands):

	Year Ended March 31,	
	2025	2024
Cost of revenue	\$ 373	\$ 774
Research and development	495	1,091
Sales and marketing	317	669
General and administrative	1,643	2,187
Total stock-based compensation	\$ 2,828	\$ 4,721

	Year Ended March 31,	
	2025	2024
Restricted stock units	\$ 2,515	\$ 4,551
Performance share units	313	170
Total stock-based compensation	\$ 2,828	\$ 4,721

Warrants

In connection with various debt refinancing and debt amendment activities, the Company issued warrants to purchase shares of the Company common stock (the "Lender Warrants"). As of March 31, 2024 there were Lender Warrants that were issued in December 2018 which were exercisable until December 27, 2028 (the "December 2018 Warrants"), issued in June 2020 which were exercisable until June 16, 2030 (the "June 2020 Warrants") and issued in June 2023 which were exercisable until June 1, 2033 (the "June 2023 Warrants").

The exercise price and the number of shares underlying the Lender Warrants were subject to adjustment in the event of specified events, including dilutive issuances of equity instruments at a price lower than the exercise price of the respective warrants (the "Down Round Feature"), repricing of existing equity-linked instruments at a price lower than the exercise price of the respective warrants (the "Warrant Repricing Feature"), a subdivision or combination of the common stock, a reclassification of the common stock or specified dividend payments. Upon exercise, the aggregate exercise price was paid, at each warrant holder's election, in cash or on a net issuance basis, based upon the fair market value of the common stock at the time of exercise. The Company's warrants also

had a provision that determines the potential stock price used when applying the Black-Scholes valuation model to determine the settlement price of the warrants in Successor Major Transactions ("SMT"), as defined in the respective warrant agreements, which include a change in control or liquidation (the "Warrant Settlement Price Provision"). The Warrant Settlement Price Provision required the use of the greater of the closing price of the Company's common stock on the trading day immediately preceding the date on which an SMT is consummated, the closing market price of the Company's common stock following the first public announcement of an SMT or the closing market of the Company's common stock immediately preceding the announcement of an SMT. Because of these terms, equity classification was precluded, and these warrants were carried as liabilities at fair value.

The Company uses Level 2 inputs for its valuation methodology for the warrant liabilities as their fair values were determined by using the Black-Scholes model based on various assumptions. The assumptions used in calculating fair values of the Lender Warrants are as follows:

	December 2018 Warrants	June 2020 Warrants	June 2023 Warrants
March 31, 2024:			
Discount period (years)	4.7 years	6.2 years	9.2 years
Risk-free interest rate	4.19%	4.16%	4.16%
Stock price volatility	87.00%	86.00%	81.00%
Exercise price	\$6.60	\$6.00	\$9.00

The Company has adopted ASC 2017-11, Earnings per share (Topic 260) ; Distinguishing liabilities from equity (Topic 480); and Derivatives and hedging (Topic 718) ("ASC 2017-11") which provides guidance that the inclusion of certain anti-dilution provisions including down-round provisions in which the exercise price and number of shares underlying an equity-linked instrument are adjusted based on certain specified events does not preclude an instrument from being equity classified. The Company has concluded the Warrant Repricing Feature does not meet the definition of a down-round provision that would provide a scope exception allowing equity classification; therefore, the Company's warrants are required to be classified as liabilities. In addition, the Company has concluded that the use of the greater of three share price inputs to the Black-Scholes valuation model in the Warrant Settlement Price Provision precludes the warrants from being indexed to the Company's own common stock under Topic 815 therefore requiring the Company to classify the warrants as liabilities with changes in fair value being recognized in the Company's consolidated statement of operations.

On December 30, 2024, 467,248 warrants were exercised in a cashless exercise whereby 61,270 shares with a value of \$6.20 per share were used to settle the exercise price and the remaining 405,978 shares were issued to the warrant holders.

On January 3, 2025, certain PIMCO-managed entities exercised 677,905 warrants in a cashless exercise whereby 228,195 shares with a weighted-average value of \$35.42 per share were used to settle the exercise price and the remaining 449,710 shares were issued to the warrant holders. As PIMCO was a related party, this transaction was reviewed and approved in accordance with the Company's related party transaction policy.

The table below sets forth a summary of changes in the fair value of the Company's Level 2 warrant liabilities for the years ended March 31, 2024 and March 31, 2025:

Balance at March 31, 2023	\$	7,989
Issuance of warrants		1,194
Change in fair value of warrant liabilities		(5,137)
Balance at March 31, 2024	\$	4,046
Issuance of warrants		3,157
Exercise of warrants		(52,985)
Repricing adjustment		512
Change in fair value of warrant liabilities		45,270
Balance at March 31, 2025	\$	—

The Company had no outstanding Lender Warrants as at March 31, 2025. The following table summarizes the Company's outstanding Lender Warrants as at March 31, 2024 (in thousands, except exercise price):

	December 2018 Warrants	June 2020 Warrants	June 2023 Warrants	Total
March 31, 2024:				
Exercise price	\$ 26.60	\$ 55.40	\$ 20.00	
Number shares under warrant(s)	357	184	63	604
Fair value	\$ 2,320	\$ 1,135	\$ 591	\$ 4,046

The Company also issued 2,500 warrants to purchase the Company's common stock in June 2020 and June 2023 to advisors of the Company at an exercise price of \$60.00 and \$20.00, respectively (collectively the "Other Warrants"). The Company has concluded that the Other Warrants do not contain provisions that would require liability classification under Topic 480 or Topic 718 and have been equity classified.

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. On January 27, 2025, the Company filed a registration statement on Form S-1 in connection with the SEPA. The Registration Statement on Form S-1 was declared effective February 11, 2025.

As of March 31, 2025, the Company has issued approximately 1.2 million shares of Common Stock under the SEPA for net proceeds of approximately \$16.4 million.

Registration Rights Agreements

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

NOTE 8: NET LOSS PER SHARE

Equity Instruments Outstanding

The Company has performance share units and restricted stock units granted under various stock incentive plans that, upon exercise and vesting, would increase shares outstanding.

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

	Year Ended March 31,	
	2025	2024
Numerator:		
Net loss used in basic and diluted earnings per share	\$ (115,091)	\$ (41,286)
Denominator:		
Weighted average common shares outstanding used in basic and diluted earnings per share	5,150	4,754
Net income loss per share - basic and diluted	\$ (22.35)	\$ (8.68)

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.

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):

	Year Ended March 31,	
	2025	2024
Stock awards	127	17
Warrants	634	608
Total	761	625

The Company had outstanding market based restricted stock units as of March 31, 2025 that were eligible to vest into shares of common stock subject to the achievement of certain stock price targets in addition to a time-based vesting period. These contingently issuable shares are excluded from the computation of diluted earnings per share if, based on current period results, the shares would not be issuable if the end of the reporting period were the end of the contingency period. There were 186,616 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 March 31, 2025.

NOTE 9: INCOME TAXES

Pre-tax loss reflected in the consolidated statements of operations for the years ended March 31, 2025 and 2024 is as follows (in thousands):

	Year Ended March 31,	
	2025	2024
U.S.	\$ (112,416)	\$ (40,555)
Foreign	(1,854)	(20)
Total	\$ (114,270)	\$ (40,575)

Income tax provision consists of the following (in thousands):

	Year Ended March 31,	
	2025	2024
Current tax expense		
Federal	\$ —	\$ —
State	36	14
Foreign	741	919
Total current tax expense	777	933
Deferred tax expense		
Federal	20	18
State	37	21
Foreign	(13)	(261)
Total deferred tax expense (benefit)	44	(222)
Income tax provision	\$ 821	\$ 711

The income tax provision differs from the amount computed by applying the federal statutory rate of 21% to loss before income taxes as follows (in thousands):

	For the year ended March 31,	
	2025	2024
Expense (benefit) at the federal statutory rate	\$ (24,122)	\$ (8,507)
Equity compensation	580	1,102
Permanent items	309	768
Foreign taxes	299	264
State income taxes	36	(860)
Valuation allowance	13,907	6,313
Uncertain tax positions	(6,672)	(8,010)
Expiration of attributes	8,427	10,901
Research and development credits	(844)	(1,169)
Warrant fair value adjustments	9,507	(1,093)
Other	(606)	1,002
Income tax provision	<u>\$ 821</u>	<u>\$ 711</u>

Significant components of deferred tax assets and liabilities are as follows (in thousands):

	As of March 31,	
	2025	2024
Deferred tax assets		
Loss carryforwards	\$ 61,466	\$ 54,280
Deferred revenue	25,895	27,431
Capitalized research and development	28,824	27,785
Tax credits	15,517	15,888
Disallowed interest	19,696	16,572
Other accruals and reserves not currently deductible for tax purposes	3,913	4,685
Lease obligations	2,016	2,269
Inventory	3,779	2,426
Acquired intangibles	1,285	1,344
Accrued warranty expense	277	365
Depreciation	1,755	—
Gross deferred tax assets	164,423	153,045
Valuation allowance	(161,730)	(147,674)
Total deferred tax assets, net of valuation allowance	<u>\$ 2,693</u>	<u>\$ 5,371</u>
Deferred tax liabilities		
Depreciation	\$ —	\$ (2,038)
Lease assets	(1,711)	(1,929)
Other	(277)	(1,130)
Total deferred tax liabilities	<u>(1,988)</u>	<u>(5,097)</u>
Net deferred tax assets (liabilities)	<u>\$ 705</u>	<u>\$ 274</u>

The valuation allowance increased by \$14.1 million during the year ended March 31, 2025 and increased by \$6.5 million during the year ended March 31, 2024, respectively.

A reconciliation of the gross unrecognized tax benefits is as follows (in thousands):

	For the year ended March 31,	
	2025	2024
Beginning Balance	\$ 88,341	\$ 96,343
Increase in balances related to tax positions in current period	1,558	2,229
Decrease in balances related to tax positions in prior period	(12)	(1,364)
Decrease in balances due to lapse in statute of limitations	(8,209)	(8,867)
Ending balance	\$ 81,678	\$ 88,341

During fiscal 2025, excluding interest and penalties, there was a \$(6.7) million change in the Company's unrecognized tax benefits. Including interest and penalties, the total unrecognized tax benefit at March 31, 2025 was \$82.9 million, of which \$73.7 million, if recognized, would favorably affect the effective tax rate. At March 31, 2025, accrued interest and penalties totaled \$1.2 million. The Company's practice is to recognize interest and penalties related to income tax matters in the income tax provision in the consolidated statements of operations. As of March 31, 2025, \$75.7 million of unrecognized tax benefits were recorded as a contra deferred tax asset in other long-term assets in the consolidated balance sheets and \$7.1 million (including interest and penalties) were included in other long-term liabilities in the consolidated balances sheets.

The Company files its tax returns as prescribed by the laws of the jurisdictions in which it operates. The Company's U.S. tax returns have been audited for years through 2002 by the Internal Revenue Service. In other major jurisdictions, the Company is generally open to examination for the most recent three to five fiscal years. During the next 12 months, it is reasonably possible that approximately \$10.4 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 \$9.5 million will be offset by the establishment of a related valuation allowance. The net tax benefit recognized in the income statement is estimated to be \$0.9 million.

As of March 31, 2025, the Company had federal net operating loss and tax credit carryforwards of approximately \$224.1 million and \$43.3 million, respectively. The net operating loss and tax credit carryforwards expire in varying amounts in fiscal 2025 if not previously utilized, and \$50.8 million are indefinite-lived net operating loss carryforwards. These carryforwards include \$5.3 million of acquired net operating losses and \$1.0 million of acquired credits, the utilization of which is subject to various limitations due to prior changes in ownership.

Certain changes in stock ownership could result in a limitation on the amount of both acquired and self generated net operating loss and tax credit carryovers that can be utilized each year. If the Company has previously undergone, or should it experience in the future, such a change in stock ownership, it could severely limit the usage of these carryover tax attributes against future income, resulting in additional tax charges.

Due to its history of net losses and the difficulty in predicting future results, Quantum believes that it cannot rely on projections of future taxable income to realize the deferred tax assets. Accordingly, it has established a full valuation allowance against its U.S. and certain foreign net deferred tax assets. Significant management judgment is required in determining the Company's deferred tax assets and liabilities and valuation allowances for purposes of assessing its ability to realize any future benefit from its net deferred tax assets. The Company intends to maintain this valuation allowance until sufficient positive evidence exists to support the reversal of the valuation allowance. The Company's 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, its valuation allowance.

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 its 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 March 31, 2025, the Company had issued non-cancelable commitments for \$48.6 million to purchase inventory from its contract manufacturers and suppliers.

Litigation

On July 27, 2023, an electronics component distributor filed a lawsuit against Quantum, alleging breach of contract and breach of the covenant of good faith and fair dealing, seeking, among other things, monetary damages. On March 31, 2025, the Court found entirely in favor of Quantum and against the distributor. The Court entered judgment for Quantum on the same day. The deadline for the distributor to file an appeal has passed so that this matter is resolved in Quantum's favor.

Leases

At the end of fiscal 2025, the Company had various non-cancelable operating leases for office facilities. Refer to Note 5: *Leases* for additional information regarding lease commitments.

Legal Proceedings

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

NOTE 11: FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company follows the guidance in ASC 820, *Fair Value Measurement* for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period and non-financial assets and liabilities that are re-measured and reported at fair value at least annually. The Company has certain non-financial assets that are measured at fair value on a non-recurring basis when there is an indicator of impairment, and they are recorded at fair value only when an impairment is recognized. See Note 7: *Common Stock* for disclosure related to the Company's asset and liabilities that are revalued at fair value at each reporting period. These assets include property and equipment and amortizable intangible assets. The Company did not record impairments to any non-financial assets in the fiscal years ended March 31, 2025 and 2024.

The fair value of the Company's financial assets and liabilities reflects management's estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from independent sources) and to minimize the use of unobservable inputs (internal assumptions about how market participants would price assets and liabilities). The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

- | | |
|----------|---|
| Level 1: | Quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. |
| Level 2: | Observable inputs other than Level 1 inputs. Examples of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active. |
| Level 3: | Unobservable inputs based on management's assessment of the assumptions that market participants would use in pricing the asset or liability. |

Information related to the fair value of the Company's warrant liabilities which were determined utilizing Level 2 inputs to determine such fair value are included in Note 7: *Common Stock*. The following table represents the carrying value and total estimated fair value of the Company's Term Loan and PNC Credit Facility which have been determined utilizing level 2 inputs to determine fair value.

	March 31,			
	2025		2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Term Loan	\$ 102,507	\$ 91,576	\$ 87,942	\$ 75,143
PNC Credit Facility	26,600	24,755	26,604	24,743

The carrying amounts reported in the accompanying consolidated financial statements for cash and cash equivalents, restricted cash, accounts receivable, accounts payable, accrued expenses and other current liabilities approximate their respective fair values because of the short-term nature of these accounts.

NOTE 12: SEGMENT INFORMATION

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 Company evaluates its financial performance (in thousands):

	Year Ended March 31,			
	2025	%	2024	%
Americas¹				
Product revenue	\$ 82,772		\$ 92,907	
Service and subscription	59,277		71,317	
Total revenue	142,049	52 %	164,224	53 %
EMEA				
Product revenue	53,742		59,465	
Service and subscription	40,818		47,372	
Total revenue	94,560	35 %	106,837	34 %
APAC				
Product revenue	17,668		22,507	
Service and subscription	10,563		7,901	
Total revenue	28,231	10 %	30,408	10 %
Consolidated				
Product revenue	154,182		174,879	
Service and subscription	110,658		126,590	
Royalty ²	9,218	3 %	10,131	3 %
Total revenue	\$ 274,058	100 %	\$ 311,600	100 %

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

² Royalty revenue is not allocable to geographic regions.

Revenue by Solution

	Year Ended March 31,			
	2025	%	2024	%
Primary storage systems	\$ 58,127	21 %	\$ 53,525	17 %
Secondary storage systems	73,772	27 %	100,599	32 %
Device and media	34,352	13 %	33,477	11 %
Service	98,589	36 %	113,868	37 %
Royalty	9,218	3 %	10,131	3 %
Total revenue ¹	<u>\$ 274,058</u>	<u>100 %</u>	<u>\$ 311,600</u>	<u>100 %</u>

¹ Subscription revenue of \$12.1 million and \$7.3 million allocated to Primary and Secondary storage systems for the fiscal years ended 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):

	Year Ended March 31,	
	2025	2024
Total revenue	\$ 274,058	\$ 311,600
Total cost of revenue	164,226	186,711
Gross profit	109,832	124,889
Gross margin	40.1 %	40.1 %
Operating expenses		
Salaries & fringe ¹	80,882	94,871
Outside services ²	37,171	21,635
Infrastructure ³	10,783	15,295
Operational costs ⁴	9,874	8,985
Restructuring	4,090	3,280
Other segment items ⁵	8,712	9,700
Total operating expenses	151,512	153,766
Loss from operations	(41,680)	(28,877)
Other expense, net	(710)	(1,746)
Interest expense	(23,607)	(15,089)
Change in fair value of warrant liability	(45,270)	5,137
Loss on debt extinguishment, net	(3,003)	—
Net loss before income taxes	(114,270)	(40,575)
Income tax provision	821	711
Net loss	<u>\$ (115,091)</u>	<u>\$ (41,286)</u>

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.

Long-lived assets

The following table summarizes property and equipment, net by geographic region (in thousands):

	For the year ended March 31,	
	2025	2024
United States	\$ 11,160	\$ 11,759
International	218	269
Total	\$ 11,378	\$ 12,028

NOTE 13: SUBSEQUENT EVENTS

On April 2, 2025, certain entities affiliated with Blue Torch Finance, LLC ("Blue Torch"), fully assigned their rights and obligations in an aggregate amount of approximately \$37.8 million in the 2021 Term Loan and \$13.5 million in the August 2024 Term Loan, to Dialectic Technology SPV LLC ("Dialectic"). Effective April 3, 2025, John Fichthorn was appointed as a director of the Company. Mr. Fichthorn is the Managing Partner of Dialectic Capital Management, an investment advisor to Dialectic.

On April 18, 2025, the Company filed a registration statement on Form S-3 related to the resale, from time to time, of up to 17,550,626 shares of Common Stock in connection with the SEPA. The Registration Statement on Form S-3 was declared effective April 28, 2025.

During the period from April 1, 2025 through July 31, 2025, the Company issued approximately 6.3 million shares of Common Stock under the SEPA for net proceeds of approximately \$66.3 million.

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 fiscal year 2025 consolidated financial statements, 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 under 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.

NOTE 14: RESTATEMENT OF UNAUDITED QUARTERLY FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements for three and nine-months ended December 31, 2024 are being restated for the following.

- 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 restatement for three and nine-months ended December 31, 2024:

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

	December 31, 2024			
	As previously report	Restatement	Reference	As restated
Assets				
Current assets:				
Cash and cash equivalents	\$ 20,381	\$ —		\$ 20,381
Restricted cash	222	—		222
Accounts receivable, net of allowance for credit losses of \$99	61,373	—		61,373
Manufacturing inventories	18,861	—		18,861
Service parts inventories	1,884	—		1,884
Prepaid expenses	2,569	—		2,569
Other current assets	8,538	—		8,538
Total current assets	113,828	—		113,828
Property and equipment, net	11,268	—		11,268
Goodwill	12,969	—		12,969
Intangible assets, net	509	—		509
Right-of-use assets	8,670	—		8,670
Other long-term assets	20,812	—		20,812
Total assets	\$ 168,056	—		\$ 168,056
Liabilities and Stockholders' Deficit				
Current liabilities:				
Accounts payable	\$ 34,704	—		\$ 34,704
Accrued compensation	11,702	—		11,702
Deferred revenue, current portion	69,916	(3,154)	a, b	66,762
Term debt	98,609	—		98,609
Revolving credit facility	37,500	—		37,500
Warrant liabilities	34,005	—		34,005
Other accrued liabilities	19,108	—		19,108
Total current liabilities	305,544	(3,154)		302,390
Deferred revenue, net of current portion	35,350	4,721	a, b	40,071
Operating lease liabilities	9,067	—		9,067
Other long-term liabilities	13,150	—		13,150
Total liabilities	363,111	1,567		364,678
Commitments and contingencies				
Stockholders' deficit				
Preferred stock, 20,000 shares authorized; no shares issued and outstanding	—	—		—
Common stock, \$0.01 par value; 225,000 shares authorized; 5,307 and 4,792 shares issued and outstanding	53	—		53
Additional paid-in capital	740,521	—		740,521
Accumulated deficit	(933,160)	(1,567)	a, b	(934,727)
Accumulated other comprehensive loss	(2,469)	—		(2,469)
Total stockholders' deficit	(195,055)	(1,567)		(196,622)
Total liabilities and stockholders' deficit	\$ 168,056	—		\$ 168,056

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

	FY 2025							
	Three Months Ended December 31				Nine Months Ended December 31			
	As previously report	Adjustments	Reference	As restated	As previously report	Adjustments	Reference	As restated
Revenue:								
Product	\$ 38,610	\$ 24	b	\$ 38,634	\$ 116,389	\$ 4,176	b	\$ 120,565
Service and subscription	31,615	(3,891)	a, b	27,724	90,383	(5,743)	a, b	84,640
Royalty	2,326	—		2,326	7,592	—		7,592
Total revenue	72,551	(3,867)		68,684	214,364	(1,567)		212,797
Cost of revenue:								
Product	30,922	—		30,922	93,251	—		93,251
Service and subscription	9,874	—		9,874	33,954	—		33,954
Total cost of revenue	40,796	—		40,796	127,205	—		127,205
Gross profit	31,755	(3,867)		27,888	87,159	(1,567)		85,592
Operating expenses:								
Sales and marketing	12,448	—		12,448	39,321	—		39,321
General and administrative	14,142	—		14,142	49,186	—		49,186
Research and development	7,683	—		7,683	24,255	—		24,255
Restructuring charges	1,342	—		1,342	2,916	—		2,916
Total operating expenses	35,615	—		35,615	115,678	—		115,678
Loss from operations	(3,860)	(3,867)		(7,727)	(28,519)	(1,567)		(30,086)
Other income (expense), net	967	—		967	(408)	—		(408)
Interest expense	(6,840)	—		(6,840)	(16,761)	—		(16,761)
Change in fair value of warrant liabilities	(61,630)	—		(61,630)	(56,414)	—		(56,414)
Loss on debt extinguishment	—	—		—	(3,003)	—		(3,003)
Net loss before income taxes	(71,363)	(3,867)		(75,230)	(105,105)	(1,567)		(106,672)
Income tax provision	70	—		70	675	—		675
Net loss	<u>\$ (71,433)</u>	<u>\$ (3,867)</u>		<u>\$ (75,300)</u>	<u>\$ (105,780)</u>	<u>\$ (1,567)</u>		<u>\$ (107,347)</u>
Net loss per share - basic and diluted	\$ (14.56)	\$ (0.79)		\$ (15.35)	\$ (21.90)	\$ (0.32)		\$ (22.22)
Weighted average shares - basic and diluted	4,907	—		4,907	4,831	—		4,831
Net loss	\$ (71,433)	\$ (3,867)		\$ (75,300)	\$ (105,780)	\$ (1,567)		\$ (107,347)
Foreign currency translation adjustments, net	(1,077)	—		(1,077)	(276)	—		(276)
Total comprehensive loss	<u>\$ (72,510)</u>	<u>\$ (3,867)</u>		<u>\$ (76,377)</u>	<u>\$ (106,056)</u>	<u>\$ (1,567)</u>		<u>\$ (107,623)</u>

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

	Nine Months Ended December 31, 2024			
	As previously reported	Restatement adjustments	Reference	As restated
Operating activities				
Net loss	\$ (105,780)	\$ (1,567)		\$ (107,347)
Adjustments to reconcile net loss to net cash used in operating activities				
Depreciation and amortization	4,440	—		4,440
Amortization of debt issuance costs	3,704	—		3,704
Non-cash lease expense	1,342	—		1,342
Loss on debt extinguishment	3,003	—		3,003
Provision for product and service inventories	1,165	—		1,165
Stock-based compensation	2,376	—		2,376
Paid in kind interest	3,515	—		3,515
Change in fair value of warrant liabilities	56,408	—		56,408
Other non-cash	(281)	—		(281)
Changes in assets and liabilities:		—		—
Accounts receivable, net	6,337	—		6,337
Manufacturing inventories	(2,347)	—		(2,347)
Service parts inventories	7,972	—		7,972
Prepaid expenses	(382)	—		(382)
Operating lease liabilities	(813)	—		(813)
Accounts payable	9,406	—		9,406
Accrued compensation	(6,512)	—		(6,512)
Deferred revenue	(11,421)	1,567	a, b	(9,854)
Other current assets	1,243	—		1,243
Other current liabilities	6,280	—		6,280
Net cash used in operating activities	(20,345)	—		(20,345)
Investing activities				
Purchases of property and equipment	(4,324)	—		(4,324)
Net cash used in investing activities	(4,324)	—		(4,324)
Financing activities				
Borrowings of long-term debt, net of debt issuance costs	25,000	—		25,000
Repayments of long-term debt	(14,092)	—		(14,092)
Borrowings of credit facility	311,135	—		311,135
Repayments of credit facility	(302,628)	—		(302,628)
Net cash provided by financing activities	19,415	—		19,415
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(3)	—		(3)
Net change in cash, cash equivalents and restricted cash	(5,257)	—		(5,257)
Cash, cash equivalents, and restricted cash at beginning of period	25,860	—		25,860
Cash, cash equivalents, and restricted cash at end of period	\$ 20,603	\$ —		\$ 20,603
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:				
Cash and cash equivalents	20,381	—		20,381
Restricted cash, current	222	—		222
Cash, cash equivalents and restricted cash at the end of period	\$ 20,603	\$ —		\$ 20,603
Supplemental disclosure of cash flow information				
Cash paid for interest	\$ 8,841	\$ —		\$ 8,841
Cash paid for income taxes, net	\$ 1,798	\$ —		\$ 1,798
Non-cash transactions				
Purchases of property and equipment included in accounts payable	\$ 88	\$ —		\$ 88
Right-of-use assets obtained in exchange for new lease liabilities	\$ 538	\$ —		\$ 538
Paid-in-kind interest	\$ 3,515	\$ —		\$ 3,515

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

Three Months Ended	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Deficit
	Shares	Amount				
Balance, September 30, 2024, As Revised	4,792	\$ 48	\$ 709,667	\$ (859,427)	\$ (1,392)	\$ (151,104)
Net loss	—	—	—	(75,300)	—	(75,300)
Foreign currency translation adjustments, net	—	—	—	—	(1,077)	(1,077)
Shares issued under employee incentive plans, net	109	1	(1)	—	—	—
Warrants exercised related to long-term debt	406	4	30,119	—	—	30,123
Stock-based compensation	—	—	736	—	—	736
Balance, December 31, 2024, As Restated	5,307	\$ 53	\$ 740,521	\$ (934,727)	\$ (2,469)	\$ (196,622)

Nine Months Ended	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Deficit
	Shares	Amount				
Balance, March 31, 2024	4,792	\$ 48	\$ 708,027	\$ (827,380)	\$ (2,193)	\$ (121,498)
Net loss	—	—	—	(107,347)	—	(107,347)
Foreign currency translation adjustments, net	—	—	—	—	(276)	(276)
Shares issued under employee incentive plans, net	109	1	(1)	—	—	—
Warrants exercised related to long-term debt	406	4	30,119	—	—	30,123
Stock-based compensation	—	—	2,376	—	—	2,376
Balance, December 31, 2024 As Restated	5,307	\$ 53	\$ 740,521	\$ (934,727)	\$ (2,469)	\$ (196,622)

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, has evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”), as of the end of the period covered by this Annual Report. Based on this evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were not effective due to material weaknesses in internal control over financial reporting described below.

As a non-accelerated filer, we are not required to provide, and have not included, an attestation report of our registered public accounting firm regarding our internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act.

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

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our internal control over financial reporting using the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control—Integrated Framework (2013)*. Based on this assessment, management concluded that the Company's internal control over financial reporting was not effective as of March 31, 2025, due to the material weaknesses described below.

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 as of March 31, 2025.

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.

The material weaknesses related to the stand-alone selling price and deferred schedules resulted in material adjustments to the revenue and deferred revenue accounts and related disclosures in the unaudited Consolidated Financial Statements for the three months ended December 31, 2024. While the material weaknesses related to sales order and invoice review, and manufacturing inventory did not result in material misstatements, each creates a reasonable possibility that a material misstatement could occur and not be prevented or detected on a timely basis.

Remediation Plan

The Company has implemented and is implementing 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.
- Engaged third-party specialists to assist the Company in assessing and establishing standalone selling price during the fiscal year ended March 31, 2025. While this has been completed, efforts are ongoing to increase automation in the calculation of standalone selling price.
- Engaged 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 effort will represent significant improvements in its controls over the control environment. 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 evaluated, the material weaknesses will continue to exist.

Changes in Internal Controls over Financial Reporting

Except for the matters discussed above, there were no changes in our internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) identified in connection with the evaluation of our internal control performed during the fiscal quarter ended March 31, 2025, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

(b) Trading Plans.

During the fiscal quarter ended March 31, 2025, no director or officer adopted or terminated any contract, instruction, or written plan for the purchase or sale of securities of the Company pursuant to Rule 10b5-1(c) or any non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K).

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information About Our Directors

The following are the names and biographies of our Board of Directors as of July 2, 2025 (excluding our President and Chief Executive Officer, Hugues Meyrath), including committee memberships:

Name	Age	Audit Committee	Leadership and Compensation Committee	Corporate Governance and Nominating Committee	Special Committee
Donald J. Jaworski (Chair)	66	X	X		X
John A. Fichthorn	52			X	
Hugues Meyrath	55				
John R. Tracy	60	X	X	X	X
Yue Zhou (Emily) White	53	X	X	X	X

Donald J. Jaworski was appointed to our Board in November 2022 and named Chairman in June 2025. He served as Lead Independent Director from August 2024 to June 2025. Mr. Jaworski is President and Chief Operating Officer of Lacuna Technologies, Inc., a leader in software that helps municipalities to operationalize digital infrastructure and manage transportation, since March 2021. Mr. Jaworski leads execution and is focused on delivering value to Lacuna's customers. Prior to joining Lacuna, from January 2015 to March 2020, he was CEO of SwiftStack, Inc., an open-source cloud data management company focused on large scale data applications, which was acquired by NVIDIA Corporation, a publicly-traded multinational technology company, in March 2020. Mr. Jaworski previously served as: Senior Vice President and General Manager of the core platform business at NetApp, Inc. from August 2010 through January 2012, where the team focused on the transition to scale-out systems; Senior Vice President Product at Brocade Communications Systems, Inc.; and General Manager of the Enterprise Security business unit at Nokia Corporation. In addition, Mr. Jaworski's early career included management positions at Sun Microsystems, Inc. and Amdahl Corporation. He has been an advisor and board member for a number of early-stage companies. Mr. Jaworski received a B.S. in Computer Science from Bowling Green State University and an MBA from Santa Clara University. We believe Mr. Jaworski brings strength to our Board through his broad and deep technology and product development and marketing experience.

John A. Fichthorn was appointed to the Board in April 2025. He was previously a member of the Board from April 2019 to July 2021. Mr. Fichthorn has served as the Founder and Managing Partner of Dialectic Capital Management, since the re-launching of Dialectic in May 2020. He is also the Founder and Managing Partner of Medtex Ventures, a medical device venture capital firm he founded in 2020. Prior to that, Mr. Fichthorn was the Head of Alternative Investments at B. Riley Capital Management, LLC, an investment advisor and wholly-owned subsidiary of B. Riley Financial, Inc, from April 2017 until May 2020. Before that, Mr. Fichthorn co-founded Dialectic Capital Management, where he was an equities portfolio manager and analyst from 2003 to 2017. Mr. Fichthorn has served on the boards of directors at Benefytt, formerly called Health Insurance Innovations, Inc., a publicly traded health insurance and technology platform company, from December 2017 to August 2020, TheMaven (now The Arena Group), a publicly traded online media company, from September 2018 to October 2021 and multiple private companies that are portfolio companies of Dialectic Capital and Medtex Ventures. Mr. Fichthorn earned a Bachelor of Arts degree in Astronomy from the University of North Carolina at Chapel Hill. Mr. Fichthorn has significant experience in accounting and financial matters, experience serving on other public and private company boards, and brings shareholder perspective to our Board. We believe he brings strength to our Board as a result of his experience managing investment firms and being a shareholder activist.

John R. Tracy was appointed to our Board in June 2024. Mr. Tracy has an extensive background in public company financial planning and operations. Most recently, he served as Executive Vice President and Chief Financial Officer at Verifone Systems, Inc., a payment system company, from February 2019 until April 2024. Prior to that, from November 2017 to November 2019, Mr. Tracy served as Senior Director at Pine Hill Group (now CFGI), an accounting and transaction advisory firm. From July 2015 to October 2016, Mr. Tracy held the position of Senior Vice President Finance for TiVo Inc. (formerly Rovi), a streaming entertainment content delivery service. Prior to that, he was Vice President Finance and Chief Financial Officer for TE Connectivity Inc., a publicly-traded

electronics connector and sensor manufacturer, from June 2013 to June 2015. He also served as Vice President and Corporate Controller at ConvaTec, a publicly-traded medical products and technology company, from October 2012 to June 2013. Mr. Tracy also held various senior finance roles at Motorola Inc. and its subsidiaries. He received a Bachelor of Science degree in Accounting from Rider University and a Masters of Science in Taxation from Fairleigh Dickinson University. We believe Mr. Tracy's financial expertise, including his experience as a chief financial officer, makes him a valuable member of our Board.

Yue Zhou (Emily) White was elected to our Board in September 2021. Ms. White has held the position of Vice President, Enterprise Data and Analytics at Cisco Systems, a publicly-traded networking hardware and software manufacturing company since July 2024. Prior to Cisco, she served as Vice President of Enterprise Data and Analytics at NIKE, Inc., a public company that manufactures and sells athletic apparel, beginning in April 2020. Prior to NIKE, from February 2017 to April 2020, Ms. White served as Vice President of Enterprise Data Engineering at Synchrony Financial, a publicly-traded consumer financial services company. Ms. White previously held multiple positions at General Electric entities. From November 2013 to June 2015, she served as Data Science Director and Global Commercial IT Director at General Electric Healthcare, a company that manufactures and distributes medical imaging modalities. From May 2007 to October 2013, she was Global Enterprise Resource Director and Senior Global Business Intelligence Program Manager for General Electric Transportation, a company that manufactures equipment for energy generation industries. Ms. White's education includes a Bachelor of Science degree in Accounting and Finance from Shengyang Polytechnic University; Master of Business Administration degree from Huron University; Master of Applied Mathematics degree in Computer Science at the University of Central Oklahoma; and Certificate in Health Economics & Outcomes Research from the University of Washington. We believe Ms. White's extensive senior management experience, particularly in data science and analytics, brings valuable perspective to our Board and to the oversight of these functions within Quantum.

Information About Our Executive Officers

The information regarding executive officers required by this item is set forth under the heading 'Information About Our Executive Officers' of the Registrant' in Part I, Item 1 of this Form 10-K and is incorporated herein by reference.

Code of Conduct and Ethics

We conduct business ethically, honestly, and in compliance with all applicable laws and regulations. Our path through complex AI and unstructured data environments presents new opportunities and as well as new challenges. Our code of conduct is meant to help us successfully navigate this new landscape by enabling effective business processes, relationships, and solutions.

The code applies to anyone conducting business on behalf of Quantum or its subsidiaries, including all directors, officers, and employees, and defines expectations in each of the following key areas:

- Mutual Respect – We:
 - Treat each other with respect
 - Choose our words carefully
 - Uphold human rights
 - Value diversity
 - Prioritize privacy
 - Set a good example
- Professionalism – We:
 - Grow our business ethically
 - Maintain accurate records
 - Document open-source use
 - Get approvals if needed
 - Negotiate with integrity
 - Keep relationships professional
- Accountability – We:
 - Know Quantum's policies
 - Follow policies & processes
 - Engage in on-going training
 - Report OnTraQ violations
 - Preserve confidentiality

- Protect company assets

The Board most recently revised the code in February 2024, and it was distributed to all employees in both English and local languages the following month and again in February 2025. We also provided code of conduct training to all employees in the first few months of 2025.

We maintain an internal ethics committee comprised of leaders from our finance, internal audit, human resources, and legal teams. The committee supports the Company's oversight of our compliance program and provides appropriate assistance in reviewing, investigating, and responding to reported concerns. We have also implemented a whistleblower policy and encourage reporting of ethics and compliance concerns, including by providing a confidential and anonymous third-party reporting hotline. Concerns that may relate to material accounting or auditing matters are communicated promptly to our Audit Committee.

Waivers of the code's applicability to a Quantum director or executive officer may only be granted by our Board or its committees and must be timely disclosed as required by applicable law.

The code of conduct is available on the investor relations section of our website at www.investors.quantum.com. Copies of the code may be requested from Quantum's Corporate Secretary at 10770 E. Briarwood Avenue, Centennial, Colorado, 80112.

Insider Trading Policy

We have adopted an insider trading policy governing the purchase, sale, and/or other disposition of the Company's securities by our directors, officers, employees, and other covered persons that we believe is reasonably designed to promote compliance with insider trading laws, rules, and regulations, and applicable Nasdaq listing standards. A copy of our Insider Trading Policy is filed as an exhibit to this Annual Report.

Audit Committee

The Audit Committee met ten times in fiscal year 2025 (Fiscal 2025). Currently, the Audit Committee consists of Mr. Tracy, Ms. White and Mr. Jaworski. All members are independent and financially literate. Mr. Tracy qualifies as an "audit committee financial expert" per Nasdaq and SEC requirements. The Audit Committee's primary responsibilities are to:

- Prepare the Audit Committee report.
- Appoint and approve the Company's independent registered accounting firm, and meet with that firm without management present.
- Assist the Board with overseeing:
 - Financial statement integrity and compliance with legal and regulatory requirements.
 - Internal accounting, financial reporting, and internal audit processes and controls adequacy.
 - Policies and processes for risk assessment and management, including cybersecurity risks.

Delinquent Section 16(a) Reports

Our directors and executive officers are required to file Quantum securities ownership reports on Forms 3, 4 and 5 with the SEC, and to provide us with copies. Based on the Section 16(a) reports we filed on behalf of our executive officers, our review of the SEC filings we otherwise received, and certain written representations that all required reports were filed, we believe that all of our directors and executive officers complied with the Section 16(a) reporting requirements applicable to them in Fiscal 2025, except a Form 3 for Mr. Fichthorn required to be filed by April 13, 2025 was filed on April 30, 2025 due to delays in obtaining his Edgar filing codes.

ITEM 11. EXECUTIVE COMPENSATION

Non-Employee Director Compensation

The Board, following recommendations from the Leadership and Compensation Committee (LCC), determines the amount and form of non-employee director compensation. Management also provides information and recommendations regarding competitive market practices, target compensation levels, and compensation program design. The Committee also retains an independent compensation consultant to provide analysis and advice.

The Committee generally conducts a comprehensive periodic review of the Company's compensation program, most recently in Fiscal 2025. Quantum engaged Compensia as its independent compensation consultant to complete an independent review. Following that review, our non-employee director compensation program elements were updated to include separate committee service and chair fees for service on the Company's newly-created Special Committee, and to revise the automatic annual equity grant to be a fixed number of shares rather than a target grant date value. Our updated non-employee director compensation program is summarized in the table below:

Compensation Element	Annual Value	Frequency
Director Retainer	\$ 50,000	Equal quarterly installments
Lead Independent Director Retainer	\$ 25,000	Equal quarterly installments
Committee Chair fees		Equal quarterly installments
Audit Committee	\$ 25,000	
Leadership & Compensation Committee	\$ 17,500	
Corporate Governance & Nominating Committee	\$ 15,000	
Technology Advisory Committee	\$ 15,000	
Special Committee	\$ 30,000	
Committee Member Fees		Equal quarterly installments
Audit Committee	\$ 12,500	
Leadership & Compensation Committee	\$ 10,000	
Corporate Governance & Nominating Committee	\$ 7,500	
Technology Advisory Committee	\$ 7,500	
Special Committee	\$ 12,500	
New Director Equity Grant	12,000 shares	Pro-rated with 100% vesting at next annual meeting
Director Refresh Equity Grant	12,000 shares	100% vesting at earlier of next annual meeting or one year

We have executed change of control agreements with each of our current non-employee directors. The agreements provide for automatic accelerated vesting of equity-based awards if the director's service with the Company ends within twelve months following a change of control (other than for termination due to death or disability).

We allow our non-employee directors to defer some or all of their cash fees, which defers federal and state income taxes. Plan participants direct the deemed investment of their deferred accounts among a preselected group of investment funds which excludes Quantum's common stock. The deemed investment accounts mirror the investment options available under Quantum's 401(k) Savings Plan. Plan participants' deferred accounts are credited with interest based on their selected deemed investments. During Fiscal 2025, no non-employee directors elected to participate in the deferred compensation plan.

In fiscal year 2024 (Fiscal 2024), given the Company's stock price and potential dilution impacts, the Board voted to delay its refresh equity grant. As a result, no non-employee Board members received equity grants in Fiscal 2024. Board members also did not receive any incremental cash compensation to offset the delayed equity grant. In Fiscal 2025, Board members received fully-vested restricted stock unit grants applicable to Fiscal 2024 as well as unvested grants of time-based restricted stock units applicable to Fiscal 2025, as reflected in the Director Compensation table below.

Fiscal 2025 Director Compensation

The following tables detail the Fiscal 2025 annual cash retainers, applicable committee service fees, and applicable Chair retainers paid to our directors. We do not pay meeting fees to our Board members.

Name	Fees Earned Or Paid In Cash ⁽¹⁾	Stock Awards ⁽²⁾	All Other Compensation	Total
Arden, Todd W. ⁽³⁾	\$ 169,998	\$ —	—	\$ 169,998
Jaworski, Donald J.	\$ 103,125	\$ 82,080	—	\$ 185,205
Meyrath, Hugues	\$ 90,000	\$ 82,080	—	\$ 172,080
Neumeyer, Christopher D. ⁽⁴⁾	\$ —	\$ —	—	\$ —

Rothman., Marc E. ⁽⁵⁾	\$ 44,063	\$ 41,040	—	\$ 85,103
Tracy, John R.	\$ 67,535	\$ 51,300	—	\$ 118,835
White, Yue Zhou (Emily)	\$ 59,063	\$ 82,080	—	\$ 141,143

1. Amounts reflect compensation earned by each director during Fiscal 2025 and includes the amounts in the next table.
2. Value reflects the closing price on the grant date of \$3.42 per share. In accordance with the Company's standard equity compensation program for non-employee directors, the Board approved an annual Fiscal 2025 award for Directors Jaworski, Meyrath and White of 12,000 fully vested restricted stock units and 12,000 restricted stock units each, the latter of which will vest upon the earlier of the Annual Meeting or October 1, 2026, subject to each director's continued Board service. The Board approved an award for Mr. Rothman of 12,000 fully vested restricted stock units. The Board approved a prorated award for Mr. Tracy of 3,000 fully vested restricted stock units and 12,000 restricted stock units which will vest upon the earlier of the Annual Meeting or October 1, 2026, subject to his continued Board service.
3. Mr. Arden resigned from the Board effective April 2, 2025. He was paid \$15,000 in cash retainers per month from June 2024 through September 2024. His cash retained was increased to 18,333 per month beginning in October 2025, continuing through March 2025. Mr. Arden did not receive any equity compensation from the Company for his Board service.
4. Mr. Neumeyer resigned from the Board effective March 19, 2025. He did not receive cash or equity compensation from Quantum for his Board service.
5. Mr. Rothman did not stand for re-election at Quantum's 2024 annual meeting of shareholders and his term ended immediately prior to the start of the 2024 annual meeting on August 15, 2024.

Name	Board Retainer	Lead Independent Director Retainer	Committee Membership Retainer	Committee Chair Retainer	Total Fees Paid in Cash
Arden, Todd W.	\$ 150,000	\$ —	\$ —	\$ 19,998	\$ 169,998
Jaworski, Donald J.	\$ 50,000	\$ 15,625	\$ 20,000	\$ 17,500	\$ 103,125
Meyrath, Hugues	\$ 50,000	\$ —	\$ 25,000	\$ 15,000	\$ 90,000
Neumeyer, Christopher D.	\$ —	\$ —	\$ —	\$ —	\$ —
Rothman, Marc E.	\$ 18,750	\$ 9,375	\$ 6,563	\$ 9,375	\$ 44,063
Tracy, John R.	\$ 37,778	\$ —	\$ 14,132	\$ 15,625	\$ 67,535
White, Yue Zhou (Emily)	\$ 50,000	\$ —	\$ 9,063	\$ —	\$ 59,063

Name	Stock Awards Outstanding	Options Outstanding	Total Equity Awards Outstanding
Arden, Todd W.	—	—	—
Jaworski, Donald J.	12,000	—	12,000
Meyrath, Hugues	12,000	—	12,000
Neumeyer, Christopher D.	—	—	—
Rothman, Marc E.	—	—	—
Tracy, John R.	12,000	—	12,000
White, Yue Zhou (Emily)	12,000	—	12,000

Named Executive Officers

Our named executive officers for Fiscal 2025 were as follows:

Name	Title
James J. Lerner	President and Chief Executive Office and Chairman of the Board
Kenneth P. Gianella	Chief Financial Officer and Chief Operating Officer
Brian E. Cabrera	Chief Administrative Officer and Chief Legal and Compliance Officer

In early fiscal year 2026, we underwent significant leadership changes aimed at realigning the company's executive team with our strategic objectives. Effective April 4, 2025, Lewis W. Moorehead was appointed as Chief Financial Officer (CFO), succeeding Mr. Gianella, prior to Mr. Moorehead's resignation on August 12, 2025. On June 2, 2025, Hugues Meyrath was appointed as President and Chief Executive Officer (CEO), following the resignation of Mr. Lerner. Also effective on June 2, 2025, Mr. Cabrera resigned in connection with our ongoing restructuring activities.

Fiscal 2025 Summary Compensation Table

The following table displays our named executive officer compensation for fiscal years 2025, 2024, and 2023.

Name and Title	Year	Salary (\$)	Bonus ⁽¹⁾ (\$)	Stock Awards ⁽²⁾ (\$)	All Other Compensation ⁽³⁾ (\$)	Total (\$)
James J. Lerner	2025	700,000	468,750	211,875	113,027	1,493,653
President & Chief Executive Officer	2024	700,000	—	186,000	4,261	890,261
	2023	673,462	—	953,194	8,852	1,635,508
Kenneth P. Gianella	2025	462,981	256,250	213,457	116,040	1,048,729
Chief Financial Officer and Chief Operating Officer	2024	418,654	—	185,100	3,800	607,554
	2023	80,000	—	443,267	—	523,267
Brian E. Cabrera	2025	460,000	257,500	152,732	117,141	987,373
Chief Administrative Officer and Chief Legal and Compliance Officer	2024	431,788	—	139,500	4,534	575,822
	2023	391,731	—	307,217	7,619	706,567

(1) Payments shown include QIP payouts earned in Fiscal 2024 based on attainment of the minimum operating expense target, but not paid until Fiscal 2025, in the amount of \$218,750 for Mr. Lerner, \$56,250 for Mr. Gianella, and \$57,500 for Mr. Cabrera. In addition, the company paid retention bonus payments in the following amounts: \$250,000 to Mr. Lerner, \$200,000 to Mr. Gianella and \$200,000 to Mr. Cabrera.

(2) The amounts reported were computed in accordance with ASC 718, excluding the effects of estimated forfeitures. See [Note 7: Common Stock](#) to this Annual Report regarding assumptions underlying valuing equity awards.

(3) All Other Compensation includes reimbursement for tax planning services, imputed income attributed to certain voluntary benefit plan elections, and employer contributions to health savings accounts. In addition, the company made tax gross up payments in connection with retention bonuses in the following amounts: \$107,640 to Mr. Lerner, \$112,862 to Mr. Gianella and \$112,461 to Mr. Cabrera.

Narrative to Summary Compensation Table

Each year, the LCC reviews Quantum's executive compensation philosophy to pay for performance. We focus on maintaining a competitive total compensation program that rewards our executives for delivering results and long-term shareholder value. That philosophy is founded on four guiding principles designed to:

- **Attract and Retain:** top talent and compete against our peer companies.
- **Motivate:** desired behaviors that allow our team to drive Company success.
- **Reward:** achieving the Company's short-and long-term objectives.
- **Align:** executive and stockholder interests to drive long-term value.

Compensation Elements

We offer our named executive officers a target total direct compensation package that includes both fixed and variable compensation and emphasizes annual cash and long-term equity incentives, in a manner that is consistent with our compensation philosophy and objectives. The primary elements of our executive compensation program consist of:

- **Annual Base Salary:** as a fixed compensation element intended to competitively attract and retain executive talent.
- **Target Variable Cash:** via annual cash-based incentives structured to reward annual financial and operating goals and paid based on Company and individual performance.

- **Long-Term Equity Grants:** Consisting of both time- and performance based restricted stock units used to attract and retain executives while creating long-term shareholder value.

Fiscal 2025 Annual Base Salary

Named executive officer base salaries in Fiscal 2025 were:

Name	Fiscal 2025 Ending Salary
James J. Lerner	\$ 700,000
Kenneth P. Gianella ⁽¹⁾	\$ 475,000
Brian E. Cabrera	\$ 460,000

Mr. Gianella's salary was increased in Fiscal 2025 from \$450,000 to \$475,000 to recognize his promotion from Chief Financial Officer to Chief Financial Officer and Operating Officer.

Fiscal 2025 Quantum Incentive Plan

The Quantum Incentive Plan (QIP) is the Company's short-term incentive bonus program, structured to competitively compensate our executive officers for achieving preestablished corporate performance goals. The LCC annually selects financial performance metrics that include minimum, threshold, target, and maximum levels of performance that serve as the bonus structure for the year and must be achieved to fund the plan. The LCC also ensures that the QIP metrics align with our pay-for-performance philosophy.

Each of our named executive officers had an annual bonus target for Fiscal 2025 expressed as a percentage of his base salary as follows:

Name	Fiscal 2025 Target Bonus	Target Bonus as % of Base Salary
James J. Lerner	\$ 875,000	125%
Kenneth P. Gianella	\$ 237,500	50%
Brian E. Cabrera	\$ 230,000	50%

The LCC determined that a single metric of Adjusted EBITDA was appropriate to align our named executive officers' interests on the Company's concerted efforts to increase profitability. The Fiscal 2025 QIP financial performance metrics approved by the LCC are described below:

Payout Level	Fiscal Target	Performance Result
Minimum Goal (25%) Payout	\$ 12.5 million	Not Satisfied
Threshold Goal (50%) Payout	\$ 13.5 million	Not Satisfied
Target Goal (100%) Payout	\$ 15.0 million	Not Satisfied
Maximum Goal (200% Payout)	\$ 23.5 million	Not Satisfied

None of the performance metric target levels were achieved, and therefore no bonuses were paid under the Quantum Incentive Plan in Fiscal 2025.

Fiscal 2025 Equity Awards

Generally speaking, annual refresh equity grants for our executive officers have consisted of 50% time-based restricted stock units (RSUs) and 50% performance-based RSUs (PSUs). Both RSU and PSU grants typically include three-year vesting schedules, subject to satisfying pre-established performance goals and maintaining ongoing employment. Infrequently, certain PSU grants may employ shorter vesting schedules or performance periods (but not less than one year), depending on the relevant performance target and the LCC's intent in incentivizing named executive officers to deliver certain results.

The LCC approved the following Fiscal 2025 equity awards for each of our named executive officers, and the independent members of the Board subsequently approved the following equity award for Mr. Lerner, based on the LCC's recommendation.

Name	Time-Based Restricted Stock Unit Awards (#)	Performance-Based Restricted Stock Unit Awards (#)
-------------	--	---

James J. Lerner	18,750	18,750
Kenneth P. Gianella	17,750	17,750
Brian E. Cabrera	13,750	13,750

The Fiscal 2025 RSUs are scheduled to vest in equal installments on each grant date anniversary, with full vesting after three years, subject to continued employment as of each vesting date.

The Fiscal 2025 PSUs are subject to achievement of the following performance metrics and time-based vesting requirements:

- Adjusted EBITDA of \$12.0 million, with a performance period of one year, and time-based vesting over two years from the grant date.
- Total Myriad revenue of \$10.0 million by March 31, 2026, and subject to time-based vesting over two years from the grant date.

The LCC considered the Company's fiscal year 2023 and Fiscal 2024 financial performance and executive compensation plans when setting the Fiscal 2025 PSU metrics, seeking to make them challenging yet achievable, but aligned to the Company's strategic objectives. The Adjusted EBITDA and Myriad sales PSU metrics were included in Fiscal 2025 as they reflected key areas of Fiscal 2025 improvement focus and aligned executive compensation interests with the Company's performance and shareholder interests. A two-year vesting period for the Myriad PSU metric was determined to be appropriate in recognition of the multi-year development process leading to the launch of the Myriad product. The same two-year time-based vesting schedule was approved for the Adjusted EBITDA metric in order to encourage named executive officer retention in addition to Fiscal 2025 performance. The LCC believed it was appropriate to use Adjusted EBITDA metrics for both QIP and PSU targets given focused shareholder discussions regarding the importance of improving Adjusted EBITDA performance in Fiscal 2025.

The \$12.0 million Adjusted EBITDA target was not achieved, and therefore such portion of the PSU awards were cancelled.

Fiscal 2024 and 2025 Retention Bonuses

Because of the Company's significant concern about retaining key executive officers, the LCC approved certain retention bonuses for each of Messrs. Lerner, Gianella, and Cabrera for Fiscal 2024 and again in Fiscal 2025.

In April 2024, each of the named executive officers entered into retention agreements with the Company to receive the following retention bonuses, to be paid in equal installments in April and October 2024: \$250,000 for Mr. Lerner, \$200,000 for Mr. Gianella and \$200,000 for Mr. Cabrera. Such bonuses were subject to clawback if the executive voluntarily resigned or was terminated for misconduct prior March 31, 2025. The agreements also included a gross up for withholding taxes.

Subsequently in November 2024, each of the named executive officers entered into supplemental retention agreements with the Company to receive the following retention bonuses, to be paid in equal installments in April and July 2025: \$300,000 for Mr. Lerner, and \$200,000 for each of Mr. Gianella and Mr. Cabrera. Such bonuses were subject to clawback if the executive resigned or was terminated for cause prior to July 1, 2025, and also provided for accelerated payment on a change of control of Quantum prior to July 1, 2025, subject to continued employment through such transaction and the execution of a general release of claims. The agreements also included a gross up for withholding taxes.

Perquisites and Other Benefits

We offer health, welfare, and other benefit programs to substantially all full-time employees. The health and welfare benefits offered to our executive officers are identical to those offered to other full-time employees. All U.S.-based employees, including our executive officers, are also eligible to participate in Quantum's tax-qualified 401(k) Savings Plan. Participants may defer cash compensation up to statutory IRS limits and may receive a discretionary matching contribution.

We also maintain a non-qualified deferred compensation plan that enables select employees, including our executive officers, to defer a portion of their base salary and annual bonus payouts, and associated federal and state income taxes. Plan participants direct the deemed investment of their deferred accounts among a preselected group of investment funds which excludes shares of Quantum common stock. None of our executive officers participated in this plan in Fiscal 2025.

We offer Company-paid tax preparation services to our executive officers and non-executive vice presidents. We believe these perquisites are limited and reasonable given the executive officers' responsibilities. Except for these items and the non-qualified deferred compensation plan discussed above, we do not provide any other perquisites or personal benefits to our executive officers that are not available to all other full-time employees.

Outstanding Equity Awards at Fiscal 2025 Year End

The following table provides information regarding outstanding restricted stock unit awards held by our named executive officers as of March 31, 2025. There were no outstanding stock options held by our named executive officers at that time.

Name	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested \$(15)	Equity Incentive Plan Awards	
			Number of Unearned Shares, Units, or Other Rights That Have Not Vested (#)	Market Value or Payout Value of Unearned Shares, Units, or Other Rights That Have Not Vested \$(15)
James J. Lerner			10,000 ⁽¹⁾	143,800
	5,833 ⁽²⁾	83,879		
			5,828 ⁽³⁾	83,807
	6,666 ⁽⁴⁾	95,857		
			5,000 ⁽⁵⁾	71,900
	18,750 ⁽¹³⁾	269,625		
Kenneth P. Gianella			18,750 ⁽¹⁴⁾	269,625
	2,916 ⁽⁶⁾	41,932		
			1,249 ⁽⁷⁾	17,961
	1,666 ⁽⁸⁾	23,957		
			2,500 ⁽⁹⁾	35,950
	5,000 ⁽⁴⁾	71,900		
Brian E. Cabrera			3,750 ⁽⁵⁾	53,925
	17,750 ⁽¹³⁾	255,245		
			17,750 ⁽¹⁴⁾	255,245
			250 ⁽¹⁾	3,595
			250 ⁽¹⁰⁾	3,595
	1,458 ⁽²⁾	20,966		
			1,457 ⁽³⁾	20,952
	416 ⁽¹¹⁾	5,982		
			417 ⁽¹²⁾	5,996
	5,000 ⁽⁴⁾	71,970		
			3,750 ⁽⁵⁾	53,925
	13,750 ⁽¹³⁾	197,725		
			13,750 ⁽¹⁴⁾	197,725

(1) Unearned PSUs granted 10/1/21 subject to satisfying performance criteria and continued employment.

(2) Granted 7/1/22 and vests annually over three years beginning with the grant date, subject to continued employment.

(3) Unearned PSUs granted 7/1/22 subject to satisfying performance criteria and continued employment.

(4) Granted 1/1/24 and vests annually over three years beginning with the grant date, subject to continued employment.

(5) Unearned PSUs granted 1/1/24 subject to satisfying performance criteria and continued employment.

(6) Granted 2/1/23 and vests annually over the three years beginning with the grant date, subject to continued employment.

(7) Unearned PSUs granted 2/1/23 subject to satisfying performance criteria and continued employment.

- (8) Granted 9/1/23 and vests annually over three years beginning with the grant date, subject to continued employment.
- (9) Unearned PSUs granted 9/1/23 subject to satisfying performance criteria and continue employment.
- (10) Unearned PSUs granted 11/1/21 subject to satisfying performance criteria and continued employment.
- (11) Granted 11/1/22 and vests annually over three years beginning with the grant date, subject to continued employment.
- (12) Unearned PSUs granted 11/1/22 subject to satisfying performance criteria and continued employment.
- (13) Granted 10/1/24 and vests annually over three years beginning with the grant date, subject to continued employment.
- (14) Unearned PSUs granted 10/1/2024 subject to satisfying performance criteria and continued employment.
- (15) Market value calculated by multiplying the number of units shown in the table by \$14.38, the closing stock price value on March 31, 2025.

Potential Payments Upon Termination or Change in Control

We maintained employment agreements with all of our named executive officers in Fiscal 2025. Each named executive officer is employed at will and is subject to certain restrictive covenants regarding confidentiality, invention assignment, non-solicitation, and non-disparagement. Those agreements provided for certain severance benefits in the event of a qualifying termination of employment not associated with a change of control of the Company. We also maintained change of control agreements with all of our named executive officers in Fiscal 2025. Such severance benefits are subject to the executive entering into a release of claims in favor of the Company. These benefits are summarized in the following table.

	CEO	Named Executive Officers Excluding CEO
Involuntary Terminations in Connection with a Change of Control		
Total Cash	1.5x Salary + 1.5x Target Bonus	1.0x Salary + 1.0x Target Bonus
Equity	- Any outstanding stock-based compensation held as of the termination date and not subject to performance criteria automatically vests. - Any stock-based compensation subject to performance criteria based on the Company's stock price, whether absolute or relative shall be deemed earned based on the actual stock price performance through the close of the change of control transaction. - Any stock-based compensation subject to performance criteria not based on the Company's stock price will be deemed satisfied at target levels.	
COBRA	If elected, Quantum will reimburse COBRA premiums for up to: 18 months for the CEO; and 12 months for other executives following the involuntary termination date or until the employee or eligible dependents are no longer eligible to receive continued COBRA coverage.	
Involuntary Terminations Outside of a Change of Control		
Total Cash	Lump sum cash payment equivalent to 12 months of the annual base salary	Lump sum cash payment equivalent to 6 months of the annual base salary
Equity	No accelerated vesting	No accelerated vesting
COBRA	Reimbursement of up to 12 months' COBRA premiums	Reimbursement of up to 6 months' COBRA premiums

In addition, on March 28, 2025, the Company entered into a letter agreement with Mr. Gianella that provided certain amended severance rights in connection with his termination of employment from Quantum. Pursuant to the letter agreement, upon execution of a definitive agreement providing for a certain qualifying transaction within 90 days of the execution of the letter agreement and an involuntary termination of Mr. Gianella following such date, Mr. Gianella was entitled to receive severance benefits and payments consisting of:

- a lump sum cash payment equal to 12 months of Mr. Gianella's then-current base salary;
- payment of previously awarded retention bonuses equal to an aggregate of \$310,854, to the extent not previously paid;
- vesting of certain time-based restricted stock units; and
- continued health care coverage under COBRA for 12 months. Such payments and benefits became payable on April 14, 2025.

Equity Grant Practices

The Company has not granted stock options for many years. However, in order to incentivize Company growth and performance, the Company expects to grant stock options in fiscal year 2026 (Fiscal 2026) to Mr. Meyrath as part of his new hire equity package, and we may grant stock options to executives and other employees in the future.

Although we do not have a formal policy with respect to the timing of grant of equity awards, our typical practice is to grant a single annual refresh grant. New hire, promotion, and hoc grants may also be made throughout the year. The decision to issue stock options or other equity awards to any employee is subject to review and approval by the LCC. Any potential option grants to our CEO would also require approval by the Board. Equity awards are typically approved effective the first day of the month following LCC or Board approval (as applicable). We do not take material nonpublic information into account when determining the grant timing or terms of such awards. In addition, we do not grant equity awards in anticipation of the release of material nonpublic information and we do not time the release of material nonpublic information based on equity award grant dates or for the purposes of affecting the value of executive compensation.

Recovery Analysis Regarding Erroneously Awarded Compensation

In November 2023, the Company previously determined that it was necessary to re-evaluate its application of standalone selling price under Topic 606, and in May 2024 the Company was required to prepare an accounting restatement to correct certain errors in revenue recognition for the fiscal years ended March 31, 2023 and March 31, 2022 and the fiscal quarter ended June 30, 2023 (the “Prior Restatement”). In addition, as discussed in more detail in this Annual Report, the Company has determined that it is necessary to prepare a restatement for the fiscal quarter ended December 31, 2024 to address inconsistencies in service and subscription revenue recognition and to adjust the standalone selling price under Topic 606. Collectively, these are referred to below as the “Restatements.”

In light of the Restatements and pursuant to our recovery policy adopted under Rule 10D of the Exchange Act and Item 402(w) of Regulation S-K, the Company performed a recovery analysis to determine whether any current and former executive officers who are, or were at any time, during the relevant clawback period, executive officers as defined in Rule 10D-1(d) of the Exchange Act (“covered executives”) are required to repay or forfeit any incentive-based compensation that was calculated based on the erroneous data in the Company’s original financial statements prior to the Restatements. As discussed in more detail below, the LCC concluded that no recovery was required from covered executives because no incentive compensation had been earned or paid to covered executives based on the pre-restatement financials.

During the relevant clawback period, the Company offered two types of incentive-based compensation to covered executives that are based wholly or in part upon the attainment of a financial reporting measure based on or derived from financial information: (i) an annual incentive cash bonus program; and (ii) annual grants of PSUs that vest upon the achievement of certain financial and non-financial performance targets and continued service requirements.

None of the covered executives received annual incentive cash bonuses for the fiscal years ended March 31, 2025, March 31, 2023 and March 31, 2022. While covered executives received incentive bonus payouts for the fiscal year ended March 31, 2024, the performance targets for fiscal 2024 were solely based on achievement of non-GAAP operating expense targets, and such metrics were unaffected by the Restatements.

The only PSUs that were earned during the relevant clawback period were based on achievement in fiscal 2024 and fiscal 2023 of non-GAAP gross margin metrics. In the case of the fiscal 2024 PSU awards, certification of achievement of the relevant financial metric occurred after the completion of the Prior Restatement. In the case of the fiscal 2023 PSUs, the LCC determined, in consultation with management, that post-restatement such metric would still have been achieved.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Equity Compensation Plan Information

The table below presents information relating to compensation plans under which we may issue shares of our common stock, as of August 1, 2025.

Plan Category	Number of Shares to be Issued Upon Exercise of Outstanding Stock Options and Settlement of Outstanding Restricted Stock Options ⁽¹⁾	Weighted-Average Exercise Price of Outstanding Options	Number of Shares Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
	(a)	(b)	(c)
Equity Compensation Plans Approved by Shareholders ⁽²⁾	286,925	—	497,981 ³

Equity Compensation Plans Not Approved by Shareholders ⁽⁴⁾	0	—	39,629
Total	286,925	—	537,610

(1) Consists of 210,759 shares issuable upon settlement of RSUs that are not subject to performance conditions and 76,166 shares issuable upon settlement of performance-based RSUs, in each case outstanding as of August 1, 2025. These performance-based RSUs are presented at target.

(2) Includes awards outstanding under the 2012 Equity Incentive Plan and the 2023 Equity Incentive Plan. The 2012 plan is closed to new grants; any cancellations of its outstanding awards will return to the 2023 plan's share reserve.

(3) Consists of 293,598 shares available under the 2023 Equity Incentive Plan (net of 379,641 shares reserved for outstanding awards under the closed 2012 plan) and 204,383 shares available under the Employee Stock Purchase Plan as of August 1, 2025.

(4) Represents the 2021 Inducement Plan, adopted without shareholder approval in reliance on the stock exchange inducement grant exception. As of August 1, 2025 there were no inducement awards outstanding and 39,629 shares remained available for future inducement grants.

There are no stock options outstanding as of August 1, 2025.

Security Ownership of Certain Beneficial Owners and Management

The table that follows sets forth as of August 1, 2025, certain information regarding the beneficial ownership of the Company's common stock by:

- Each person the Company knows to beneficially own more than five percent of the outstanding shares of common stock.
- Each of the Company's current directors and director nominees.
- Each of the Fiscal 2025 named executive officers.
- All current directors and officers as a group.

Unless otherwise indicated, the business address for the beneficial owners listed below is 10770 E. Briarwood Avenue, Centennial, Colorado, 80112.

Name and Address	Number of Shares Beneficially Owned ⁽¹⁾	Percent of Class ⁽²⁾
Shares Outstanding at August 1, 2025: 13,319,249		
There were no shareholders who held 5% or more of the Company's outstanding common stock as of August 1, 2025.		
Directors and Named Executive Officers:		
John A. Fichthorn	15,271	*
Donald J. Jaworski	27,675	*
Hugues Meyrath	27,675	*
John. R. Tracy	15,000	*
Yue Zhou (Emily) White	29,139	*
James J. Lerner	110,848	*
Kenneth P. Gianella	32,402	*
Brian E. Cabrera	28,736	*
All Current Directors and Officers as a Group (8 Holders)	151,562	1%

(1) Except pursuant to applicable community property laws or as indicated in the footnotes to this table, to the Company's knowledge, each shareholder identified in the table possesses sole voting and investment power with respect to all shares of common stock shown as beneficially owned by the shareholder.

(2) Applicable percentage is based 13,319,249 shares of common stock outstanding as of August 1, 2025. Beneficial ownership is determined in accordance with SEC rules, based on factors including voting and share investment power. *Represents beneficial ownership of less than 1%.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Board Meetings and Independence

Board Meeting Attendance

The Board met a total of 34 times in Fiscal 2025. All Board members during Fiscal 2025 other than Ms. White attended at least 75% of the Board and Committee meetings for which they were eligible to attend, which is the expectation outlined in our Corporate Governance Principles. Ms. White's ability to join at least 75% of the meetings she was eligible to attend was atypically impacted by unusually high number of meetings, her job change, and significant work-related international travel. The Board anticipates that Ms. White will have increased ability to attend meetings in Fiscal 2026, as she had in prior years. Each of the directors nominated for election at our 2024 annual meeting of shareholders, other than Mr. Neumeyer and Ms. White, who had unavoidable business conflicts, attended that meeting.

Director Independence

The Board has determined that all current members other than Mr. Meyrath are independent directors as defined under the rules of the Nasdaq Stock Market LLC (Nasdaq).

We also exceed Nasdaq listing standards by requiring approximately 75% of our Board to be comprised of independent directors.

Our independent directors meet in executive session, without employee directors, at least as often as each regularly scheduled quarterly Board meeting. The independent directors are also empowered to request reporting from any employee during the executive session, including audit and compliance personnel.

Leadership Structure

Quantum's Board is committed to strong, independent Board leadership and oversight of management's performance. The Board determines the Chair assignment, from time to time and in its business judgement after considering relevant factors, including Quantum's needs and our shareholders' best interests. With Mr. Meyrath's appointment as President and Chief Executive Officer on June 2, 2025, the Board determined it would be appropriate and strengthen the Company's corporate governance to separate the roles of Board Chair and CEO. Following a thorough evaluation, the Board determined that Mr. Jaworski, who previously served as Lead Independent Director, should assume the role of Chairman of the Board. The Board believes this structure promotes implementing accountability for the Company's performance.

The Chair focuses on effectively leading and managing the Board, with responsibilities described in more detail in our Corporate Governance Principles available on the investor relations section of our website at www.investors.quantum.com.

Related Party Transactions

Quantum is or may be a party to individual and repeating or similar transactions since the beginning of Fiscal 2025, in which:

- The amounts involved exceeded or may exceed the lesser of \$120,000 and 1% of the average of our total assets at the year-end for the last two completed fiscal years; and
- Certain related parties had or will have a direct or indirect material interest.

The Audit Committee has the primary responsibility for reviewing and approving these transactions (Related Party Transactions). We have adopted a formal written policy providing that we may not enter into a Related Party Transaction without the Audit Committee's consent.

Related parties include:

- Executive officers.
- Directors or director nominees.
- Beneficial owners of more than 5% of our common stock.
- Immediate family members or household occupants of the people just identified.
- Any entity in which any of them are employed, a general partner or principal, or has a 5% or greater beneficial interest.

In approving or rejecting any Related Party Transaction, the Audit Committee identifies and considers relevant and available facts and circumstances, including:

- Whether the transaction terms are no less favorable than those generally available to an unaffiliated third party under the same or similar circumstances.
- The extent of the related party's interest in the transaction.

The Audit Committee has determined that certain transactions will be considered preapproved, even if the value exceeds \$120,000, when they involve:

- Executive officer employment agreements.
- Director compensation.
- Transactions generally available to all employees.
- All holders of common stock receiving the same benefits on a pro-rata basis.

Quantum's Fiscal 2025 Related Party Transactions, to the extent they currently exist or are otherwise planned, are described below.

Employment and Indemnification Agreements

We have entered into employment agreements with certain of our current executive officers, described in Change of Control Severance Policy, Employment Agreements, and Severance Agreements. We have also executed indemnification agreements with certain of our current and former directors and officers. Those agreements, along with our Restated Certificate and Bylaws, require us to indemnify our directors and officers to the fullest extent permitted by Delaware law, subject to applicable exclusions described in those documents.

Equity Award Grants to Directors and Executive Officers

We have granted RSUs and PSUs as described under Corporate Governance, Executive Compensation Summary, and Fiscal 2025 Compensation Tables.

Debt Refinancing

The June 2023 Amendment and the June 2023 Warrants were entered into with and issued to certain entities managed by PIMCO which is considered a related party due to the fact that Christopher D. Neumeyer was a member of the Company's Board of Directors from August 2022 until March 2025, and also an executive vice president and portfolio manager at PIMCO. The Audit Committee and the Company analyzed the transaction's independence and fairness. Mr. Neumeyer recused himself from the Board's approval of the refinancing.

Other Transactions

Other than as explained above, since April 1, 2024, we have not entered into any Related Party Transactions, nor are any currently proposed. We believe the terms of the transactions described above were comparable to those we could have obtained in arm's-length negotiations with unrelated third parties.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Independent Registered Public Accounting Firm Fees and Services

The following table details the fees billed by Grant Thornton LLP for Fiscal 2025 and Fiscal 2024, including out of pocket expenses.

	Fees paid to Grant Thornton LLP	
	Fiscal 2025	Fiscal 2024
Audit fees	\$ 2,969,900	\$ 3,296,540
Audit-related fees	477,000	—
Tax fees	—	—
Other fees	—	—
Total	\$ 3,446,900	\$ 3,296,540

Audit Fees

Audit fees include the aggregate fees incurred for auditing Quantum's annual consolidated financial statements and reviewing the quarterly consolidated financial statements included in Quantum's Quarterly Reports on Form 10-Q.

In Fiscal 2025 and Fiscal 2024, Grant Thornton LLP audit fees include charges billed in Grant Thornton LLP's capacity as the independent external auditor for Quantum's subsidiary companies located in Malaysia.

Audit-Related Fees

Audit-related fees include the aggregate fees incurred for Grant Thornton LLP's work related to our Fiscal 2025 filings of Registration Statements on Form S-1 and Form S-8.

Preapproval Policies and Procedures

The Audit Committee annually preapproves, on a general approval schedule, appropriate audit, audit-related, and tax services the Firm may perform for Quantum, in accordance with its policy and applicable legal requirements. The Audit Committee preapproved all Fiscal 2025 services to avoid potential conflicts of interest that could arise if the Company received specified non-audit services from the Firm. The Audit Committee reviews and makes changes to the services listed on the general approval schedule annually and as otherwise necessary from time to time.

The Company must notify the Audit Committee when the Firm performs services expected to require more than ten billable hours of the Firm's senior partner or equivalent time. The Company must also obtain specific engagement preapproval from the Audit Committee for all services to be performed by the Firm that are not specified on the general approval schedule. The Audit Committee receives all notices and requests regarding the Firm's performance of services for the Company. The Audit Committee believes the Firm's provision of services described above is compatible with maintaining the Firm's independence from the Company.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this report

1. Financial Statements

Reference is made to the Index to Financial Statements of Quantum Corporation included in Item 8 of Part II of this report.

2. Financial Statement Schedules

All schedules have been omitted because they are not required, not applicable, or the required information is included in the financial statements or notes thereto.

3. Exhibits

See Item 15(b) below. Each management contract or compensatory plan or arrangement required to be filed has been identified.

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed or Furnished Herewith
		Form	Filing Date	Exhibit	
2.1	Asset Purchase Agreement dated July 18, 2021 by and between PV3 (an ABC) LLC, as assignee for the benefit of Pivot3, Inc., and the Company.*	8-K	07/22/21	2.1	
3.1	Amended and Restated Certificate of Incorporation of the Company, as amended through August 26, 2024	S-1	01/27/25	3.1	
3.2	Amended and Restated Bylaws of the Company, as amended through June 12, 2025	8-K	06/18/25	3.1	
4.1	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934	10-K	06/06/23	4.1	
4.2	Certificate of Designation of Rights, Preferences and Privileges of Series B Junior Participating Preferred Stock	S-3	10/09/03	4.7	
4.3	Warrant to Purchase Common Stock dated December 27, 2018 issued to OC II FIE V LP	8-K	12/28/18	4.1	
4.4	Warrant Agreement dated June 16, 2020 by and between the Company and Armory Securities, LLC	8-K	06/17/20	4.4	
4.5	Warrant to Purchase Common Stock dated June 16, 2020, Warrant No. B-1, issued to OC II FIE V LP	8-K	06/17/20	4.1	
4.6	Warrant to Purchase Common Stock dated June 16, 2020, Warrant No. B-3, issued to BTC Holdings SC Fund LLC	8-K	06/17/20	4.3	
4.7	Amended and Restated Registration Rights Agreement dated June 16, 2020 by and among the Company, OC II FIE V LP, Blue Torch Credit Opportunities Fund I LP and BTC Holdings SC Fund LLC	8-K	06/17/20	4.5	
4.8	Amendment No. 1 and Joinder to Amended and Restated Registration Rights Agreement, dated as of June 1, 2023, between the Company, OC II FIE V LP, Blue Torch Credit Opportunities Fund I LP, BTC Holdings SC Fund LLC and CO Finance LVS XVII LLC	8-K	06/06/23	4.2	
4.9	Registration Rights Agreement dated December 12, 2020 by and between the Company and the securityholders of Square Box Systems Limited	8-K	12/14/20	4.1	
4.10	Form of Warrant to purchase Common Stock, dated May 24, 2024	8-K	05/29/24	4.1	
4.11	Warrants to Purchase Common Stock, dated May 24, 2024, issued to OC III LVS XL LP	8-K	05/29/24	4.2	
4.12	Warrant to Purchase Common Stock dated July 11, 2024, Warrant No. 2024-7, issued to Blue Torch Credit Opportunities KRS Fund LP	8-K	07/12/24	4.2	
4.13	Warrant to Purchase Common Stock dated July 11, 2024, Warrant No. 2024-8, issued to Blue Torch Offshore Credit Opportunities Master Fund II LP	8-K	07/12/24	4.3	
4.14	Warrant to Purchase Common Stock dated July 11, 2024, Warrant No. 2024-9, issued to Blue Torch Credit Opportunities SBAF Fund LP	8-K	07/12/24	4.4	
4.15	Warrant to Purchase Common Stock dated July 11, 2024, Warrant No. 2024-10, issued to BTC Holdings SC Fund LLC	8-K	07/12/24	4.5	
4.16	Warrant to Purchase Common Stock dated July 11, 2024, Warrant No. 2024-11, issued to Blue Torch Credit Opportunities Fund II LP	8-K	07/12/24	4.6	
4.17	Form of Warrant to Purchase Common Stock dated August 13, 2024 issued to certain funds affiliated with Blue Torch Credit	8-K	08/14/24	4.1	
4.18	Warrant to Purchase Common Stock dated August 13, 2024, Warrant No. 2024-18, issued to OC III LVS XL LP	8-K	08/14/24	4.2	

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed or Furnished Herewith
		Form	Filing Date	Exhibit	
4.19	Amended and Restated Warrant to Purchase Common Stock dated June 1, 2023 (as amended and restated on August 13, 2024), Warrant No. 2023-2, issued to OC III LVS XL LP	8-K	08/14/24	4.3	
4.20	Amended and Restated Warrant to Purchase Common Stock dated May 24, 2024 (as amended and restated on August 13, 2024), Warrant No. 2024-7, issued to OC III LVS XL LP	8-K	08/14/24	4.4	
4.21	Amended and Restated Warrant to Purchase Common Stock dated July 10, 2024 (as amended and restated on August 13, 2024), Warrant No. 2024-12, issued to OC III LVS XL LP	8-K	08/14/24	4.5	
4.22	Amended and Restated Warrant to Purchase Common Stock dated December 27, 2018 (as amended and restated on August 13, 2024), Warrant No. 2, issued to BTC Holdings Fund I, LLC	8-K	08/14/24	4.6	
4.23	Form of Amended and Restated Warrant to Purchase Common Stock dated June 16, 2020 (as amended and restated on August 13, 2024) issued to certain funds affiliated with Blue Torch Credit	8-K	08/14/24	4.7	
4.24	Form of Amended and Restated Warrant to Purchase Common Stock dated May 24, 2024 (as amended and restated on August 13, 2024) issued to certain funds affiliated with Blue Torch Credit	8-K	08/14/24	4.8	
4.25	Form of Amended and Restated Warrant to Purchase Common Stock dated July 10, 2024 (as amended and restated on August 13, 2024) issued to certain funds affiliated with Blue Torch Credit	8-K	08/14/24	4.9	
4.26	Warrant Agreement dated June 1, 2023 by and between the Company and Armory Securities, LLC	S-1	01/27/25	4.29	
10.1	Lease Agreement dated February 6, 2006 by and between the Company and CS/Federal Drive AB LLC (For Building A)	8-K	02/10/06	10.2	
10.2	Lease Agreement dated February 6, 2006 by and between the Company and CS/Federal Drive AB LLC (For Building B)	8-K	02/10/06	10.3	
10.3#	Form of Indemnification Agreement by and between the Company and the Named Executive Officers and Directors	8-K	09/28/22	10.3	
10.4#	Form of Amended and Restated Director Change of Control Agreement by and between the Company and the Directors (other than the CEO)				X
10.5#	Form of Amended and Restated Change of Control Agreement by and between the Company and each of the Company's Executive Officers				X
10.6#	Form of Change of Control Agreement by and between the Company and the Company's Chief Executive Officer				X
10.7#	Offer Letter dated May 1, 2017 by and between the Company and Marc Rothman	8-K	05/04/17	10.1	
10.8#	Quantum Corporation Executive Officer Incentive Plan, restated as of August 23, 2017	8-K	08/24/17	10.2	
10.9#	Offer Letter dated June 22, 2018 by and between the Company and James J. Lerner	8-K	06/27/18	10.1	
10.10#	Change of Control Agreement dated June 22, 2018 by and between the Company and James J. Lerner	8-K	06/27/18	10.2	
10.11	Amended and Restated Revolving Credit and Security Agreement dated December 27, 2018 by and among the Company, Quantum LTO Holdings, LLC, the borrowers and guarantors party thereto, the lenders party thereto, and PNC Bank, National Association	8-K	12/28/18	10.2	
10.12	First Amendment dated April 3, 2020 to Amended and Restated Revolving Credit and Security Agreement dated December 27, 2018 by and among the Company, Quantum LTO Holdings, LLC, the borrowers and guarantors party thereto, the lenders party thereto, and PNC Bank, National Association	8-K	04/06/20	10.2	
10.13	Second Amendment dated April 11, 2020 to the Amended and Restated Revolving Credit and Security Agreement dated December 27, 2018 by and among the Company, Quantum LTO Holdings, LLC, the borrowers and guarantors party thereto, the lenders party thereto, and PNC Bank, National Association	8-K	04/16/20	10.3	
10.14	Third Amendment dated June 16, 2020 to Amended and Restated Revolving Credit and Security Agreement dated December 27, 2018 by and among the Company, Quantum LTO Holdings, LLC, the borrowers and guarantors party thereto, the lenders party thereto, and PNC Bank, National Association	8-K	06/17/20	10.2	

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed or Furnished Herewith
		Form	Filing Date	Exhibit	
10.15	Fourth Amendment dated December 10, 2020 to Amended and Restated Revolving Credit and Security Agreement dated December 27, 2018 by and among the Company, Quantum LTO Holdings, LLC, the borrowers and guarantors party thereto, the lenders party thereto, and PNC Bank, National Association	8-K	12/14/20	10.2	
10.16	Fifth Amendment dated February 5, 2021 to Amended and Restated Revolving Credit and Security Agreement dated December 27, 2018 by and among the Company, Quantum LTO Holdings, LLC, the borrowers and guarantors party thereto, the lenders party thereto, and PNC Bank, National Association	10-K	06/08/22	10.30	
10.17	Sixth Amendment dated August 5, 2021 to Amended and Restated Revolving Credit and Security Agreement dated December 27, 2018, by and among the Company, Quantum LTO Holdings, LLC, Square Box Systems Limited, the borrowers and guarantors party thereto, the lenders party thereto, and PNC Bank, National Association	10-K	06/08/22	10.31	
10.18	Seventh Amendment dated September 30, 2021 to Amended and Restated Revolving Credit and Security Agreement dated December 27, 2018 by and among the Company, Quantum LTO Holdings, LLC, Square Box Systems Limited, the borrowers and guarantors party thereto, the lenders party thereto, and PNC Bank, National Association	8-K	10/06/21	10.1	
10.19	Eighth Amendment dated March 15, 2022 to Amended and Restated Revolving Credit and Security Agreement dated December 27, 2018 by and among the Company, Quantum LTO Holdings, LLC, Square Box Systems Limited, the borrowers and guarantors party thereto, the lenders party thereto, and PNC Bank, National Association	8-K	03/17/22	10.3	
10.2	Ninth Amendment dated April 25, 2022 to Amended and Restated Revolving Credit and Security Agreement dated December 27, 2018 by and among the Company, Quantum LTO Holdings, LLC, Square Box Systems Limited, the borrowers and guarantors party thereto, the lenders party thereto, and PNC Bank, National Association	8-K	04/27/22	10.1	
10.21	Tenth Amendment dated June 1, 2023 to Amended and Restated Revolving Credit and Security Agreement dated December 27, 2018 by and among the Company, Quantum LTO Holdings, LLC, Square Box Systems Limited, the borrowers and guarantors party thereto, the lenders party thereto, and PNC Bank, National Association	8-K	06/06/23	10.2	
10.22	Waiver dated November 13, 2023 to Amended and Restated Revolving Credit and Security Agreement dated December 27, 2018 by and among the Company, Quantum LTO Holdings, LLC, Square Box Systems Limited, the borrowers and guarantors party thereto, the lenders party thereto, and PNC Bank National Association	8-K	11/13/23	10.2	
10.23	Eleventh Amendment and Waiver dated February 14, 2024 to Amended and Restated Revolving Credit and Security Agreement dated December 27, 2018 by and among the Company, Quantum LTO Holdings, LLC, Square Box Systems Limited, the borrowers and guarantors party thereto, the lenders party thereto, and PNC Bank National Association	8-K	02/20/24	10.2	
10.24	Twelfth Amendment dated March 22, 2024 to Amended and Restated Revolving Credit and Security Agreement dated December 27, 2018 by and among the Company, Quantum LTO Holdings, LLC, Square Box Systems Limited, the borrowers and guarantors party thereto, the lenders party thereto, and PNC Bank National Association	8-K	03/25/24	10.2	
10.25	Thirteenth Amendment dated May 15, 2024 to Amended and Restated Revolving Credit and Security Agreement dated December 27, 2018 by and among the Company, Quantum LTO Holdings, LLC, Square Box Systems Limited, the borrowers and guarantors party thereto, the lenders party thereto, and PNC Bank National Association				X
10.26	Fourteenth Amendment dated May 24, 2024 to Amended and Restated Revolving Credit and Security Agreement dated December 27, 2018 by and among the Company, Quantum LTO Holdings, LLC, Square Box Systems Limited, the borrowers and guarantors party thereto, the lenders party thereto, and PNC Bank National Association	8-K	05/29/24	10.2	
10.27	Fifteenth Amendment dated July 11, 2024 to Amended and Restated Revolving Credit and Security Agreement dated December 27, 2018 by and among the Company, Quantum LTO Holdings, LLC, Square Box Systems Limited, the borrowers and guarantors party thereto, the lenders party thereto, and PNC Bank, National Association	8-K	07/12/24	10.2	

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed or Furnished Herewith
		Form	Filing Date	Exhibit	
10.28	Sixteenth Amendment dated August 13, 2024 to Amended and Restated Revolving Credit and Security Agreement dated December 27, 2018 by and among the Company, Quantum LTO Holdings, LLC, the borrowers and guarantors party thereto, the lenders party thereto, and PNC Bank, National Association	8-K	08/14/24	10.2	
10.29	Seventeenth Amendment dated October 28, 2024 to Amended and Restated Revolving Credit and Security Agreement dated December 27, 2018 by and among the Company, Quantum LTO Holdings, LLC, the borrowers and guarantors party thereto, the lenders party thereto, and PNC Bank, National Association	10-Q	02/12/25	10.2	
10.30	Eighteenth Amendment dated November 25, 2024 to Amended and Restated Revolving Credit and Security Agreement dated December 27, 2018 by and among the Company, Quantum LTO Holdings, LLC, the borrowers and guarantors party thereto, the lenders party thereto, and PNC Bank, National Association	10-Q	02/12/25	10.3	
10.31	Nineteenth Amendment and Waiver to Amended and Restated Revolving Credit and Security Agreement, dated as of January 27, 2025, by and among the Company, Quantum LTO Holdings, LLC, the other borrowers and guarantors party thereto, the lenders party thereto, and PNC Bank, National Association, as agent,	8-K	01/27/25	10.3	
10.32	Stipulation and Agreement of Settlement entered into on April 11, 2019	8-K	05/31/19	99.2	
10.33#	Offer Letter dated October 3, 2018 by and between the Company and Lewis W. Moorehead	10-K	08/06/19	10.75	
10.34#	Quantum Corporation 2012 Long-Term Incentive Plan Agreement, as amended and restated on November 13, 2019	8-K	11/18/19	10.1	
10.35#	Form of Restricted Stock Unit Agreement (US Employees) under the Quantum Corporation 2012 Long-Term Incentive Plan	10-K	06/24/20	10.2	
10.36#	Form of Market-Based Restricted Stock Unit Agreement (US Employees) under the Quantum Corporation 2012 Long-Term Incentive Plan	10-K	06/24/20	10.3	
10.37#	Form of Restricted Stock Unit Agreement (Non-US Employees) under the Quantum Corporation 2012 Long-Term Incentive Plan	10-K	06/24/20	10.4	
10.38#	Form of Restricted Stock (PSU) Unit Agreement (Non-US Employees) under the Quantum Corporation 2012 Long-Term Incentive Plan	10-K	06/24/20	10.5	
10.39#	Form of Restricted Stock Unit Agreement (Directors) under the Quantum Corporation 2012 Long-Term Incentive Plan	10-K	06/24/20	10.6	
10.40#	Quantum Corporation 2023 Long-Term Incentive Plan, as amended through June 27, 2024	S-8	09/16/24	99.1	
10.41#	Quantum Corporation Employee Stock Purchase Plan Agreement, as amended and restated on July 25, 2023	10-K	06/28/24	10.33	
10.42#	Quantum Corporation 2021 Inducement Plan	S-8	02/01/21	10.1	
10.43#	Amendment No. 1 to Quantum Corporation 2021 Inducement Plan	10-K	06/06/23	10.30	
10.44	Term Loan Credit and Security Agreement dated August 5, 2021 by and among the Company, the borrowers and guarantors party thereto, the lenders party thereto, and Blue Torch Finance LLC	8-K	08/05/21	10.1	
10.45	First Amendment dated September 30, 2021 to Term Loan Credit and Security Agreement dated August 5, 2021 by and among the Company, Quantum LTO Holdings, LLC, Square Box Systems Limited, the borrowers and guarantors party thereto, the lenders party thereto, and Blue Torch Finance LLC	8-K	10/06/21	10.2	
10.46	Second Amendment dated March 15, 2022 to Term Loan Credit and Security Agreement dated August 5, 2021 by and among the Company, Quantum LTO Holdings, LLC, Square Box Systems Limited, the borrowers and guarantors party thereto, the lenders party thereto, and Blue Torch Finance LLC	8-K	03/17/22	10.2	
10.47	Third Amendment dated April 25, 2022 to Term Loan Credit and Security Agreement dated August 5, 2021 by and among the Company, Quantum LTO Holdings, LLC, Square Box Systems Limited, the borrowers and guarantors party thereto, the lenders party thereto, and Blue Torch Finance LLC	8-K	04/27/22	10.2	
10.48	Fourth Amendment dated June 1, 2023 to Term Loan Credit and Security Agreement dated August 5, 2021 by and among the Company, Quantum LTO Holdings, LLC, Square Box Systems Limited, the borrowers and guarantors party thereto, the lenders party thereto, and Blue Torch Finance LLC.	8-K	06/06/23	10.1	
10.49	Waiver dated November 10, 2023 to Term Loan Credit and Security Agreement dated August 5, 2021 by and among the Company, Quantum LTO Holdings, LLC, Square Box Systems Limited, the borrowers and guarantors party thereto, the lenders party thereto, and Blue Torch Finance LLC.	8-K	11/13/23	10.1	

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed or Furnished Herewith
		Form	Filing Date	Exhibit	
10.50	Fifth Amendment and Waiver dated February 14, 2024 to Term Loan Credit and Security Agreement dated August 5, 2021 by and among the Company, Quantum LTO Holdings, LLC, the borrowers and guarantors party thereto, the lenders party thereto, and Blue Torch Finance LLC.	8-K	02/20/24	10.1	
10.51	Sixth Amendment dated March 22, 2024 to Term Loan Credit and Security Agreement dated August 5, 2021 by and among the Company, Quantum LTO Holdings, LLC, the borrowers and guarantors party thereto, the lenders party thereto, and Blue Torch Finance LLC	8-K	03/25/24	10.1	
10.52	Seventh Amendment and Waiver dated May 15, 2024 to Term Loan Credit and Security Agreement dated August 5, 2021 by and among the Company, Quantum LTO Holdings, LLC, the borrowers and guarantors party thereto, the lenders party thereto, and Blue Torch Finance LLC				X
10.53	Eighth Amendment and Waiver dated May 24, 2024 to Term Loan Credit and Security Agreement dated August 5, 2021 by and among the Company, Quantum LTO Holdings, LLC, the borrowers and guarantors party thereto, the lenders party thereto, and Blue Torch Finance LLC	8-K	05/29/24	10.1	
10.54	Ninth Amendment dated July 11, 2024 to Term Loan Credit and Security Agreement dated August 5, 2021 by and among the Company, Quantum LTO Holdings, LLC, the borrowers and guarantors party thereto, the lenders party thereto, and Blue Torch Finance LLC	8-K	07/12/24	10.1	
10.55	Tenth Amendment dated August 13, 2024 to Term Loan Credit and Security Agreement dated August 5, 2021 by and among the Company, Quantum LTO Holdings, LLC, the borrowers and guarantors party thereto, the lenders party thereto, and Blue Torch Finance LLC	8-K	08/14/24	10.1	
10.56	Eleventh Amendment dated October 28, 2024 to Term Loan Credit and Security Agreement dated August 5, 2021 by and among the Company, Quantum LTO Holdings, LLC, the borrowers and guarantors party thereto, the lenders party thereto, and Blue Torch Finance LLC	10-Q	02/12/25	10.1	
10.57	Twelfth Amendment and Waiver to Term Loan Credit and Security Agreement, dated as of January 27, 2025, by and among the Company, Quantum LTO Holdings, LLC, the other borrowers and guarantors party thereto, the lenders party thereto, and Blue Torch Finance LLC, as disbursing agent and collateral agent.	8-K	01/27/25	10.2	
10.58	Standby Equity Purchase Agreement, dated January 25, 2025, by and between Quantum Corporation and YA II PN, Ltd.	8-K	01/27/25	10.1	
10.59#	Director Offer Letter dated September 16, 2022 by and between the Company and Don Jaworski	8-K	09/28/22	10.1	
10.60#	Director Offer Letter dated September 16, 2022 by and between the Company and Hugues Meyrath	8-K	09/28/22	10.2	
10.61#	Offer Letter dated December 15, 2022 by and between the Company and Kenneth P. Gianella	8-K	01/11/23	10.1	
10.62#	Transition Agreement dated January 9, 2023 by and between the Company and J. Michael Dodson	8-K	01/11/23	10.3	
10.63#	Offer Letter dated June 5, 2023 by and between the Company and Laura	8-K	06/06/23	10.3	
10.64#	Offer Letter dated November 9, 2023 by and between the Company and Henk Jan Spanjaard	10-K	06/28/24	10.49	
10.65#	Director Offer Letter dated June 6, 2024 by and between the Company and Todd W. Arden	8-K	06/10/24	10.1	
10.66#	Director Offer Letter dated June 12, 2024 by and between the Company and John R. Tracy	8-K	06/18/24	10.1	
19.1	Insider Trading Policy				X
21.1	List of Subsidiaries				X
23.1	Consent of Grant Thornton LLP				X
24.1	Power of Attorney (contained on the signature page hereof)				X
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
97.1	Quantum Corporation Executive Compensation Recoupment Policy	10-Q	11/13/24	97	
101.INS	XBRL Instance Document				X

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed or Furnished Herewith
		Form	Filing Date	Exhibit	
101.SC H	XBRL Taxonomy Extension Schema Document				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				X
101.DE F	XBRL Taxonomy Extension Definition Linkbase Document				X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				X
101.PR E	XBRL Taxonomy Extension Presentation Linkbase Document				X
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)				X

* Schedules and attachments have been omitted pursuant to Item 601(b)(2) 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.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Quantum Corporation

(Registrant)

August 26, 2025

(Date)

/s/ Laura A. Nash

Laura A. Nash

Principal Financial and Accounting Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Hugues Meyrath and Laura A. Nash, jointly and severally, his or her attorneys-in-fact, each with the power of substitution, for him or her in any and all capacities, to sign any amendments to this Annual Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his or her substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons in the capacities on the dates indicated.

Signature	Title	Date
/s/ Hugues Meyrath	President, Chief Executive Officer and Director	August 26, 2025
Hugues Meyrath	(Principal Executive Officer)	
/s/ Laura A. Nash	Chief Accounting Officer	August 26, 2025
Laura A. Nash	(Principal Financial and Accounting Officer)	
/s/ Donald Jaworski	Chairman of the Board	August 26, 2025
Donald Jaworski		
/s/ John A. Fichthorn	Director	August 26, 2025
John A. Fichthorn		
/s/ John R. Tracy	Director	August 26, 2025
John R. Tracy		
/s/ Yue Zhou White	Director	August 26, 2025
Yue Zhou White		