

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

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended December 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

N/A

(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

Common Stock, \$0.01 par value per share

Trading Symbol

QMCO

Name of each exchange on which registered

Nasdaq Global Market

[Table of Contents](#)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

As of the close of business on February 12, 2026, there were 14,638,029 shares of Quantum Corporation's common stock issued and outstanding.

QUANTUM CORPORATION
QUARTERLY REPORT ON FORM 10-Q
For the Quarter Ended December 31, 2025

Table of Contents

		Page
PART I		
Item 1.	Financial Statements (unaudited):	
	Condensed Consolidated Balance Sheets	1
	Condensed Consolidated Statements of Operations and Comprehensive Loss	2
	Condensed Consolidated Statements of Cash Flows	3
	Condensed Consolidated Statements of Changes in Stockholders' Deficit	4
	Index to Notes to Condensed Consolidated Financial Statements	6
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	24
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	34
Item 4.	Controls and Procedures	34
PART II		
Item 1.	Legal Proceedings	36
Item 1A.	Risk Factors	36
Item 5.	Other Information	36
Item 6.	Exhibits	37
Signatures		38

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

Note Regarding Forward-Looking Statements

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

PART I—FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS**

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

	December 31, 2025	March 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	\$ 13,180	\$ 16,464
Restricted cash	661	139
Accounts receivable, net of allowance for credit losses of \$2,730 and \$99, respectively	59,429	52,502
Inventories	17,629	22,434
Prepaid expenses	3,744	2,738
Other current assets	8,976	8,529
Total current assets	103,619	102,806
Property and equipment, net	9,952	11,378
Goodwill	12,969	12,969
Intangible assets, net	—	281
Right-of-use assets	7,755	8,580
Other long-term assets	14,977	19,388
Total assets	<u>\$ 149,272</u>	<u>\$ 155,402</u>
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$ 29,953	\$ 31,463
Accrued compensation	9,669	9,214
Deferred revenue, current portion	74,917	75,076
Accrued restructuring	905	786
Term debt	52,758	96,486
Revolving credit facility	—	26,600
Warrant liabilities	16,335	—
Other accrued liabilities	18,639	17,982
Total current liabilities	203,176	257,607
Deferred revenue, net of current portion	33,409	38,847
Convertible Note	75,873	—
Operating lease liabilities	8,406	8,934
Other long-term liabilities	12,637	14,380
Total liabilities	<u>333,501</u>	<u>319,768</u>
Commitments and contingencies (Note 11)		
Stockholders' deficit		
Preferred stock, 20,000 shares authorized; no shares issued and outstanding	—	—
Common stock, \$0.01 par value; 225,000 shares authorized; 14,135 and 6,962 shares issued and outstanding	141	70
Additional paid-in capital	850,512	779,645
Accumulated deficit	(1,033,976)	(942,471)
Accumulated other comprehensive loss	(906)	(1,610)
Total stockholders' deficit	<u>(184,229)</u>	<u>(164,366)</u>
Total liabilities and stockholders' deficit	<u>\$ 149,272</u>	<u>\$ 155,402</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2025	2024	2025	2024
Revenue:				
Product	\$ 46,471	\$ 38,634	\$ 119,375	\$ 120,565
Service and subscription	26,520	27,724	77,082	84,640
Royalty	1,595	2,326	5,130	7,592
Total revenue	<u>74,586</u>	<u>68,684</u>	<u>201,587</u>	<u>212,797</u>
Cost of revenue:				
Product	35,611	30,922	95,104	93,251
Service and subscription	10,043	9,874	31,287	33,954
Total cost of revenue	<u>45,654</u>	<u>40,796</u>	<u>126,391</u>	<u>127,205</u>
Gross profit	<u>28,932</u>	<u>27,888</u>	<u>75,196</u>	<u>85,592</u>
Operating expenses:				
Sales and marketing	12,977	12,448	37,451	39,321
General and administrative	10,045	14,142	34,621	49,186
Research and development	5,573	7,683	17,926	24,255
Restructuring charges	1,525	1,342	7,141	2,916
Total operating expenses	<u>30,120</u>	<u>35,615</u>	<u>97,139</u>	<u>115,678</u>
Income (loss) from operations	(1,188)	(7,727)	(21,943)	(30,086)
Other income (expense), net	(387)	960	(1,261)	(429)
Interest income	42	7	301	21
Interest expense	(5,933)	(6,840)	(18,675)	(16,761)
Change in fair value of warrant liabilities	7,560	(61,630)	9,085	(56,414)
Change in fair value of Convertible Note	1,599	—	1,599	—
Loss on debt extinguishment	(28,946)	—	(59,641)	(3,003)
Loss before income taxes	(27,253)	(75,230)	(90,535)	(106,672)
Income tax provision	590	70	970	675
Net loss	<u>\$ (27,843)</u>	<u>\$ (75,300)</u>	<u>\$ (91,505)</u>	<u>\$ (107,347)</u>
Net loss per share - basic and diluted	\$ (2.03)	\$ (15.35)	\$ (7.58)	\$ (22.22)
Weighted average shares - basic and diluted	13,689	4,907	12,077	4,831
Net loss	\$ (27,843)	\$ (75,300)	\$ (91,505)	\$ (107,347)
Foreign currency translation adjustments, net	44	(1,077)	704	(276)
Total comprehensive loss	<u>\$ (27,799)</u>	<u>\$ (76,377)</u>	<u>\$ (90,801)</u>	<u>\$ (107,623)</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	Nine Months Ended December 31,		
	2025	2024	
Operating activities			
Net loss	\$ (91,505)	\$ (107,347)	
Adjustments to reconcile net loss to net cash used in operating activities			
Depreciation and amortization	2,656	4,440	
Amortization of debt issuance costs	5,830	3,704	
Non-cash lease expense	976	1,342	
Loss on debt extinguishment	34,221	3,003	
Provision for product and manufacturing inventories	4,579	1,165	
Stock-based compensation	(1,174)	2,376	
Paid-in-kind interest	5,328	3,515	
Warrants issued in connection with debt amendments	25,420	—	
Change in fair value of warrant liabilities	(9,085)	56,408	
Change in fair value of Convertible Note	(1,599)	—	
Other non-cash	2,710	(281)	
Changes in assets and liabilities:			
Accounts receivable, net	(7,446)	6,337	
Inventories	(580)	5,625	
Prepaid expenses	(1,006)	9,406	
Operating lease liabilities	(857)	(813)	
Accounts payable	(2,290)	(382)	
Accrued compensation	454	(6,512)	
Accrued restructuring charges	119	—	
Deferred revenue	(5,597)	(9,854)	
Other current assets	(478)	(124)	
Other non-current assets	1,967	1,367	
Other current liabilities	1,163	4,839	
Other non-current liabilities	(1,244)	1,441	
Net cash used in operating activities	<u>(37,438)</u>	<u>(20,345)</u>	
Investing activities			
Purchases of property and equipment	(925)	(4,324)	
Net cash used in investing activities	<u>(925)</u>	<u>(4,324)</u>	
Financing activities			
Borrowings of long-term debt, net of debt issuance costs	45,046	25,000	
Borrowing of Convertible Note	54,718	—	
Repayments of long-term debt on Assignment, net	(52,271)	(14,092)	
Repayments of long term debt on Exchange, net	(56,979)	—	
Borrowings of credit facility	71,625	311,135	
Repayments of credit facility	(98,682)	(302,628)	
Proceeds from shares issued related to the SEPA, net	72,031	—	
Proceeds from the issuance of common stock, net	81	—	
Net cash provided by financing activities	<u>35,569</u>	<u>19,415</u>	
Effect of exchange rate changes on cash, cash equivalents and restricted cash	32	(3)	
Net change in cash, cash equivalents and restricted cash	(2,762)	(5,257)	
Cash, cash equivalents and restricted cash at beginning of period	16,603	25,860	
Cash, cash equivalents and restricted cash at end of period	<u>\$ 13,841</u>	<u>\$ 20,603</u>	
The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the condensed consolidated balance sheets that sum to the total of the same such amounts shown in the condensed consolidated statements of cash flows:			
Cash and cash equivalents	\$ 13,180	\$ 20,381	
Restricted cash	661	222	
Cash, cash equivalents and restricted cash at the end of period	<u>\$ 13,841</u>	<u>\$ 20,603</u>	
Supplemental disclosure of cash flow information			
Cash paid for interest	\$ 4,270	\$ 8,841	
Cash paid for income taxes, net	\$ 556	\$ 1,798	
Non-cash transactions			
Purchases of property and equipment included in accounts payable	\$ 67	\$ 88	
Right-of-use assets obtained in exchange for new lease liabilities	\$ 61	\$ 538	
Paid-in-kind interest	\$ 5,328	\$ 3,515	
Exchange of Term Loan for Convertible Note	\$ 77,472	\$ —	

See accompanying Notes to Condensed Consolidated Financial Statements.

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

Three Months Ended	Common Stock			Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Deficit
	Shares	Amount	Additional Paid-in Capital			
Balance, September 30, 2024	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)	—	—	—
Shares issued related to warrants	406	4	30,119	—	—	30,123
Stock-based compensation	—	—	736	—	—	736
Balance, December 31, 2024	5,307	\$ 53	\$ 740,521	\$ (934,727)	\$ (2,469)	\$ (196,622)
Balance, September 30, 2025	13,333	\$ 133	\$ 846,451	\$ (1,006,133)	\$ (950)	\$ (160,499)
Net loss	—	—	—	(27,843)	—	(27,843)
Foreign currency translation adjustments, net	—	—	—	—	44	44
Shares issued under employee incentive plans, net	70	1	(1)	—	—	—
Shares issued related to the SEPA, (net of \$804 issuance costs)	732	7	5,031	—	—	5,038
Stock-based compensation	—	—	(969)	—	—	(969)
Balance, December 31, 2025	14,135	\$ 141	\$ 850,512	\$ (1,033,976)	\$ (906)	\$ (184,229)

See accompanying Notes to Condensed Consolidated Financial Statements.

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

Nine Months Ended	Common Stock			Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Deficit
	Shares	Amount	Additional Paid-in Capital			
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)	—	—	—
Shares issued related to warrants	406	4	30,119	—	—	30,123
Stock-based compensation	—	—	2,376	—	—	2,376
Balance, December 31, 2024	5,307	\$ 53	\$ 740,521	\$ (934,727)	\$ (2,469)	\$ (196,622)
Balance, March 31, 2025	6,962	\$ 70	\$ 779,645	\$ (942,471)	\$ (1,610)	\$ (164,366)
Net loss	—	—	—	(91,505)	—	(91,505)
Foreign currency translation adjustments, net	—	—	—	—	704	704
Shares issued under employee incentive plans, net	121	1	80	—	—	81
Shares issued related to the SEPA, (net of \$3,502 issuance costs)	7,052	70	71,961	—	—	72,031
Stock-based compensation	—	—	(1,174)	—	—	(1,174)
Balance, December 31, 2025	14,135	\$ 141	\$ 850,512	\$ (1,033,976)	\$ (906)	\$ (184,229)

See accompanying Notes to Condensed Consolidated Financial Statements.

INDEX TO NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	Page
Note 1: Description of Business and Summary of Significant Accounting Policies	7
Note 2: Revenue	9
Note 3: Balance Sheet Information	10
Note 4: Debt	11
Note 5: Fair Value of Financial Instruments	14
Note 6: Leases	16
Note 7: Restructuring Charges	17
Note 8: Common Stock	18
Note 9: Net Loss Per Share	19
Note 10: Income Taxes	19
Note 11: Commitments and Contingencies	20
Note 12: Segment Information	21
Note 13: Subsequent Events	23

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)**

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

Description of Business

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

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information. All intercompany balances and transactions have been eliminated. Certain information and footnote disclosures normally included in annual financial statements have been condensed or omitted. The Company believes the disclosures made are adequate to prevent the information presented from being misleading. These interim financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included within the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2025 (the "Annual Report"). The condensed consolidated balance sheet as of March 31, 2025 has been derived from the audited consolidated financial statements included in the Annual Report.

The unaudited condensed consolidated interim financial statements reflect all adjustments, consisting only of normal and recurring items, necessary to present fairly our financial position as of December 31, 2025, the results of operations and comprehensive loss, statements of cash flows, and changes in stockholders' deficit for the three and nine months ended December 31, 2025 and 2024. Interim results are not necessarily indicative of full year performance because of short-term variations.

Going Concern

These condensed consolidated financial statements have been prepared in accordance with U.S. 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 is required to repay the Term Loan (as defined herein) on August 5, 2026. The Company does not have sufficient cash to make this repayment, nor does the Company expect to generate sufficient cash through operating activities to repay the Term Loan by August 5, 2026. The Company may be required to use proceeds from the Standby Equity Purchase Agreement ("SEPA") or other financing sources to meet this obligation. There can be no assurance that the Company will be able to raise sufficient proceeds under the SEPA on acceptable terms, or at all.

The condensed consolidated financial statements do not include any adjustments to the carrying amounts or classification of assets, liabilities, and reported expenses that may be necessary if the Company were unable to continue as a going concern.

Reclassifications

Certain prior-period amounts in the condensed consolidated statements of cash flows have been reclassified to conform to the current period presentation. These reclassifications had no effect on total cash flows.

Use of Estimates

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

Restricted Cash

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

Convertible Note

Pursuant to ASC Topic 825, *Financial Instruments* ("ASC 825"), the Company has elected the fair value option for the convertible note issued in December 2025 (the "Convertible Note"). The Convertible Note is initially recorded at its estimated fair value on the date of issuance and subsequently remeasured at fair value at each reporting period-end. Changes in fair value are recognized in earnings in "Change in fair value of Convertible Note" in the condensed consolidated statements of operations and comprehensive loss, which includes the component related to accrued interest. In accordance with ASC 825, the portion of the change in fair value attributable to instrument-specific credit risk is recognized in other comprehensive income. For the three months ended December 31, 2025, the Company determined that the change attributable to instrument-specific credit risk was immaterial. See Note 5, Fair Value of Financial Instruments, with respect to the fair value option election, and Note 4, Debt, for a discussion of the Convertible Note.

Accounting Pronouncement Recently Adopted

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which required greater disaggregation of tax information in rate reconciliation and income taxes paid by jurisdiction. ASU 2023-09 was adopted beginning April 1, 2025, with no material impact.

Recent Accounting Pronouncement Not Yet Adopted

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

In July 2025, the FASB issued ASU 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurements of Credit Losses for Accounts Receivable and Contract Assets*. The amendments in this update provide a practical expedient related to the estimation of expected credit losses for current accounts receivable and current contract assets that arise from transactions accounted for under FASB Accounting Standards Codification 606. Under ASU 2025-05, an entity is required to disclose whether it has elected to use the practical expedient. An entity that makes the accounting policy election is required to disclose the date through which subsequent cash collections are evaluated. ASU 2025-05 is effective for the Company beginning in the fiscal year beginning April 1, 2026, with early adoption permitted. The Company is currently evaluating the impact of this new standard on its financial statement disclosures.

In September 2025, the FASB issued ASU 2025-06, *Targeted Improvements to the Accounting for Internal-Use Software* (Topic 350). The updates eliminate references to software development project stages and revises the criteria that must be met to begin capitalizing internal-use software costs. The standard permits entities to adopt the guidance using a prospective, retrospective, or modified transition approach and becomes effective for the Company beginning January 1, 2028, with early adoption permitted. The Company is currently assessing the potential impact that ASU 2025-06 will have on its financial statements disclosures.

In December 2025, the FASB issued ASU 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements*, which clarifies certain aspects of interim reporting guidance. The standard is effective for interim periods within fiscal years beginning after December 15, 2027, which will be the Company's fiscal year beginning April 1, 2029, with early adoption permitted. The Company is currently evaluating the impact of this guidance on its interim financial statements disclosures.

NOTE 2: REVENUE

Contract Balances

As of December 31, 2025, March 31, 2025 and March 31, 2024, the Company's contract assets related to performance obligations completed in advance of the right to invoice and are included in other current asset in the condensed consolidated balance sheets. Contract assets were not material as of December 31, 2025, March 31, 2025 and March 31, 2024. As of March 31, 2024, accounts receivable totaled \$67.8 million.

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 following table presents the changes in the Company's deferred revenue for the periods indicated (in thousands):

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2025	2024	2025	2024
Beginning balance	\$ 101,902	\$ 104,234	\$ 113,923	\$ 116,687
Additions	32,944	30,323	71,486	74,786
Recognition of deferred revenue	(26,520)	(27,724)	(77,083)	(84,640)
Ending balance	<u>\$ 108,326</u>	<u>\$ 106,833</u>	<u>\$ 108,326</u>	<u>\$ 106,833</u>
Short-term deferred revenue	\$ 74,917	\$ 66,762	\$ 74,917	\$ 66,762
Long-term deferred revenue	\$ 33,409	\$ 40,071	\$ 33,409	\$ 40,071

Remaining Performance Obligations

Total remaining performance obligations ("RPO") representing contracted but not recognized revenue was \$138.6 million as of December 31, 2025. RPO consists of both deferred revenue and uninvoiced, non-cancelable contracts that are expected to be invoiced and recognized as revenue in future periods and excludes variable consideration related to sales-based royalties.

RPO consisted of the following (in thousands):

	Current	Non-Current	Total
As of December 31, 2025	\$ 102,884	\$ 35,671	\$ 138,555

NOTE 3: BALANCE SHEET INFORMATION

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

Inventories

	December 31, 2025	March 31, 2025
Finished goods	\$ 5,810	\$ 10,471
Work in progress	1,254	380
Raw materials	9,909	9,485
Service parts	656	2,098
Total inventories	<u><u>\$ 17,629</u></u>	<u><u>\$ 22,434</u></u>

Intangibles, net

	December 31, 2025			March 31, 2025		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Customer lists	\$ 4,398	\$ (4,398)	—	\$ 4,398	\$ (4,117)	\$ 281
Intangible assets, net	<u><u>\$ 4,398</u></u>	<u><u>\$ (4,398)</u></u>	<u><u>—</u></u>	<u><u>\$ 4,398</u></u>	<u><u>\$ (4,117)</u></u>	<u><u>\$ 281</u></u>

Intangible assets amortization expense was \$0.0 million and \$0.2 million, and \$0.3 million and \$0.8 million for the three and nine months ended December 31, 2025 and 2024, respectively. The Company recorded amortization of developed technology in cost of product revenue, and customer lists in sales and marketing expenses in the condensed consolidated statements of operations and comprehensive loss.

Goodwill

As of December 31, 2025 and March 31, 2025, goodwill was approximately \$13.0 million. There were no impairments to goodwill as of December 31, 2025 and March 31, 2025.

Other Long-Term Assets

	December 31, 2025	March 31, 2025
Capitalized SaaS implementation costs for internal use, net	\$ 12,504	\$ 13,910
Capitalized debt costs	—	2,871
Contract cost asset	964	1,144
Other	1,509	1,463
Total other long-term assets	<u><u>\$ 14,977</u></u>	<u><u>\$ 19,388</u></u>

NOTE 4: DEBT

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

	December 31, 2025	March 31, 2025
Term Loan	\$ 54,636	\$ 102,507
Convertible Note	75,873	—
PNC Credit Facility	—	26,600
Less: current portion	(52,758)	(123,086)
Less: unamortized debt issuance costs ⁽¹⁾	(1,878)	(6,021)
Long-term debt, net	<hr/> <hr/> 75,873	<hr/> <hr/> —

⁽¹⁾ The unamortized debt issuance costs related to the Term Loan are presented as a reduction of the carrying amount of the corresponding debt balance on the accompanying condensed consolidated balance sheets. Unamortized debt issuance costs related to the PNC Credit Facility are presented within other assets on the accompanying condensed consolidated balance sheets for the period ended March 31, 2025.

On August 5, 2021, the Company entered into a Term Loan Credit and Security Agreement (the "Term Loan Credit Agreement"), pursuant to which a senior secured term loan was issued (the "2021 Term Loan"), maturing on August 5, 2026. The Company also entered into an Amended and Restated Revolving Credit and Security Agreement on December 27, 2018 (the "PNC Credit Facility" and, together with the Term Loan Credit Agreement, the "Credit Agreements"), which, per its terms, was maturing on August 5, 2026 and provided for borrowings up to a maximum principal amount of the lesser of: (a) \$40.0 million or (b) the amount of the borrowing base, as defined in the PNC Credit Facility agreement.

On June 1, 2023, the Company entered into amendments to the Credit Agreements (the "June 2023 Amendment") which, among other things, provided an advance of \$15.0 million in additional term loan borrowings (the "2023 Term Loan" and, together with the 2021 Term Loan, the "Term Loan") and incurred \$0.9 million in original issuance discount and origination fees which have been recorded as a reduction to the carrying amount of the 2023 Term Loan and amortized to interest expense over the term of the loan. The terms of the 2023 Term Loan are substantially similar to the terms of the 2021 Term Loan, including in relation to maturity and security, except that, among other things, (a) the Applicable Margin (i) for any 2023 Term Loan designated an "ABR Loan" is 9.00% per annum and (ii) for any 2023 Term Loan designated as a "SOFR Loan" is 10.00% per annum, (b) accrued interest on the 2023 Term Loan is payable in kind ("PIK"), and is capitalized and added to the principal amount of the 2023 Term Loan at the end of each interest period applicable thereto, (c) the 2023 Term Loan does not amortize prior to the maturity date thereof, and (d) the 2023 Term Loan may not be prepaid prior to the payment in full of the existing term loans. In connection with the 2023 Term Loan, the Company issued warrants to purchase an aggregate of 62,500 shares (the "June 2023 Warrants") of the Company's common stock, at an exercise price of \$20.00 per share.

On July 11, 2024, the Company entered into amendments to the Credit Agreements (the "July 2024 Amendments") which, among other things, delayed the testing of the Company's June 30, 2024 net leverage ratio financial covenant until July 31, 2024. In connection with the amendments, the Company issued the Term Loan lenders warrants to purchase an aggregate of 50,000 shares of the common stock at a purchase price of \$8.20 (the "July 2024 Warrants").

The July 2024 Amendments to the 2021 Term Loan were accounted for as a modification. The fair value of the July 2024 Warrants of \$0.4 million is reflected as a reduction to the carrying amount of the 2021 Term Loan and amortized to interest expense over the remaining term of the loan. The July 2024 Amendments to the PNC Credit Facility were accounted for as a modification and the \$0.1 million in related fees and expenses were recorded to other assets and are amortized to interest expense over the remaining term of the agreement.

On August 13, 2024, the Company entered into amendments to the Credit Agreements (the "August 2024 Amendments") which, among other things, (i) waived compliance with the June 30, 2024 net leverage ratio financial covenant; (ii) waived any non-compliance with the minimum liquidity financial covenant through the date of the amendments; (iii) removed the fixed charges coverage ratio financial covenant until the fiscal quarter ended September 30, 2025; (iv) waived the testing requirement for the net leverage ratio financial covenant for the fiscal quarter ended September 30, 2024; (v) replaced the net leverage ratio financial covenant with a minimum EBITDA financial covenant for the fiscal quarters ended December 31, 2024 and March 31, 2025; (vi) reset the net leverage

ratio financial covenant requirements for the fiscal quarters ended 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 ended September 30, 2025; and (x) repriced certain lender warrants.

In connection with the August 2024 Amendments, the Company entered into 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 as 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 as 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 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 380,310 shares of common stock, at an exercise price of \$6.20 per share (the "August 2024 Warrants") and which had a fair value of \$2.0 million.

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

On April 2, 2025, the Company consented to an assignment (the "Master Assignment Agreement") of the 2021 Term Loan and 2024 Term Loans. One of the lenders sold and assigned all of its interests to Dialectic Technology SPV, LLC ("Dialectic"). The Master Assignment Agreement was accounted for as a debt extinguishment. The Company

recorded a gain on debt extinguishment of \$2.4 million related to the net of discount on issuance of term loans to a new lender and write-off of all unamortized debt issuance costs and fees related to the previous lender. The \$0.4 million in new lender fees were recorded as a reduction to the carrying amounts of the term loans and amortized to interest expense over the remaining term of the loan.

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

On August 13, 2025, the Company terminated its PNC Credit Facility. As of the date of termination, there were no amounts outstanding under the facility. In connection with the termination, the Company paid an exit fee of \$1.2 million, which was recorded within Loss on Debt Extinguishment on the condensed consolidated statement of operations and comprehensive loss.

On August 13, 2025, the Company obtained waivers to certain covenants including the net leverage covenant under the Term Loan Credit Agreement 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.

On September 23, 2025, the Company entered into the Fifteenth Amendment to the Term Loan Credit Agreement with Quantum LTO Holdings, LLC, Dialectic, OC III LVS XXXIII LP ("LVS XXXIII"), OC III LVS XL LP ("LVS XL" and together with LVS XXXIII, the "OC III Lenders"), and Alter Domus (US) LLC, as disbursing agent and collateral agent (the "Fifteenth Amendment"). The Fifteenth Amendment, among other things, (i) permits the Company to retain up to \$15.0 million of net cash proceeds from the SEPA received on or after the date of the Fifteenth Amendment for working capital and general corporate purposes, (ii) converts certain tranches of Term Loans held by the OC III Lenders into new and separate tranches, (iii) defers payment of cash interest on Term Loans held by Dialectic accruing during the quarters ended September 30, 2025 and December 31, 2025, until the earliest of (a) the date the Company elects to pay such deferred cash interest, (b) the maturity of such term loans, or (c) the date the Debt Exchange occurs, at which point such deferred interest will be subject to the terms of the Convertible Note indenture, and increases the interest rate applicable to such term loans by 2.00% during the period that such cash interest is being deferred, (iv) eliminates the existing maximum total net leverage ratio covenant and minimum daily liquidity covenant (noting that, following the Debt Exchange (as defined below), the Convertible Note will be subject to a minimum liquidity covenant), and (v) amends certain other provisions, including mandatory prepayment events, payment of fees and expenses, and reporting requirements.

In connection with the Fifteenth Amendment, the Company issued warrants (the "Forbearance Warrant") to Dialectic to purchase up to 2,653,308 shares of its common stock, representing 19.9% of the Company's outstanding shares as of the date of the Transaction Agreement (as defined below) as consideration for the forbearance, waivers, and amendments granted under the Fifteenth Amendment.

With respect to the Term Loans held by Dialectic, the Fifteenth Amendment was accounted for as an extinguishment under ASC 470-50, resulting in the recognition of a new debt instrument, the derecognition of the original term loans, and a loss on extinguishment of \$31.0 million, which is included in loss on debt extinguishment for the nine months ended December 31, 2025. The fair value of the Forbearance Warrant was treated as a lender fee and included in the extinguishment loss calculation. The Fifteenth Amendment to the Term Loans held by OC III Lenders was accounted for as a modification.

On September 23, 2025, the Company entered into a Transaction Agreement with Dialectic and the OC III Lenders (the "Transaction Agreement"). Pursuant to the Transaction Agreement, the Company agreed to issue to Dialectic, on a dollar-for-dollar basis, one or more senior secured convertible notes in exchange for the amounts then outstanding under the term loans held by Dialectic (the "Debt Exchange"). On December 18, 2025, the Company closed the transactions contemplated by the Transaction Agreement (the "Closing"), including its issuance to Dialectic of the Convertible Note. The Closing was conditioned upon, among other things, approval of the Debt Exchange by the Company's shareholders, which approval was obtained on December 16, 2025.

The Convertible Note has a three-year maturity and bears interest at 10% per annum, payable in kind and compounded annually. The Convertible Note is secured by substantially all of the assets of the Company that secure the Term Loan. The initial conversion price equals \$10.00 per share of the Company's common stock (the "Conversion Price"). The Conversion Price is subject to four quarterly resets on the last day of each calendar

quarter immediately following September 15, 2025 (each, a “Reset Price Date”) to the greater of (a) \$4.00 per share and (b) the lesser of (i) the then-current Conversion Price and (ii) the 30-day VWAP of the Company’s common stock immediately preceding the Reset Price Date. Dialectic may, at any time, elect to exchange all or any portion of the outstanding principal amount, accrued and unpaid interest and premium (if any) of the Convertible Note for shares of the Company’s common stock at the then-applicable Conversion Price. Beginning six months after the Closing, if certain conditions are met, the Company may, at its election, require Dialectic to exchange a portion of the outstanding Convertible Note into shares of the Company’s common stock at the then-applicable Conversion Price if the 10-day VWAP exceeds specified multiples of the Conversion Price (the “Company Mandatory Exchange”). The Company Mandatory Exchange, if triggered, occurs in tranches of 20%, 20%, 30%, and the remaining balance. If certain conditions are met, at the Company’s option, on the maturity date, any outstanding principal, accrued and unpaid interest, and premium (if any) may be exchanged for shares of the Company’s common stock at 80% of the average of the Daily VWAP for each of the five lowest consecutive trading days during the 20 consecutive trading days ending on (and including) the trading day immediately prior to the maturity date.

The Company accounted for the exchange of Dialectic’s term loans for the Convertible Note as an extinguishment of the term loan and recognized a loss on debt extinguishment of \$28.9 million for the three and nine months ended December 31, 2025. The Company elected the fair value option under ASC 825 for the Convertible Note. See Note 5, Fair Value of Financial Instruments, for additional information.

Forbearance Warrant

The Forbearance Warrant, issued on September 23, 2025, has an exercise price of \$8.81 per share, representing 80% of the seven-day volume-weighted average price as of September 22, 2025, and is exercisable until the seventh anniversary of its issuance. It includes a put right that allows the holder to require the Company to repurchase the unexercised portion for cash after the fifth anniversary, or earlier upon a change of control or liquidation. The repurchase price equals the holder’s pro rata share of the original issue value of \$20 million, adjusted for any exercised portion.

The Forbearance Warrant is classified as a liability under ASC 480, as it may require cash settlement and meets the definition of a derivative. It is initially measured at fair value, with subsequent changes recognized in the condensed consolidated statement of operations under “Change in fair value of warrant liabilities.” See Note 5, Fair Value of Financial Instruments for more information.

Related Party Transaction

The Forbearance Warrant and Convertible Note issued to Dialectic constitute related party transactions, as John Fichthorn, a member of the Company’s Board of Directors, is also Managing Partner of Dialectic Capital Management, the investment adviser to Dialectic. On issuance of the Convertible Note, Quantum paid \$1.1 million to Dialectic for consulting services. The fair values of the Forbearance Warrant and Convertible Note as of December 31, 2025 are included in Note 5: Fair Value of Financial Instruments.

NOTE 5: FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company’s assets measured and recorded at fair value on a recurring basis may consist of money market funds, which are included in cash and cash equivalents in the condensed consolidated balance sheets. These instruments are valued using quoted market prices in active markets (Level 1 fair value measurements) at the respective balance sheet dates.

No impairment charges were recognized for non-financial assets for the three and nine months ended December 31, 2025 and 2024. The Company has no non-financial liabilities measured and recorded at fair value on a non-recurring basis.

Debt

Debt is generally recorded at amortized cost; however, the Company elected the fair value option for the Convertible Note, which is recorded at fair value on a recurring basis. The fair value of the Company’s debt is disclosed for informational purposes only and is not recognized in the condensed consolidated balance sheets.

The fair value of the Company's debt was estimated using a discounted cash flow approach based on the Company's current borrowing rates for similar types of debt instruments, adjusted for credit and nonperformance risk. The Company uses significant other observable market data and assumptions (Level 2 inputs, as defined in ASC 820, *Fair Value Measurement*) that it believes market participants would use in pricing such debt.

The carrying value and estimated fair value of the Company's debt were as follows (in thousands):

	December 31, 2025		March 31, 2025	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Term Loans	\$ 54,636	\$ 52,096	\$ 102,507	\$ 91,576
PNC Credit Facility	\$ —	\$ —	\$ 26,600	\$ 24,755
Convertible Note	\$ 75,873	\$ 75,873	\$ —	\$ —

Warrants

On September 23, 2025, the Company established the initial fair value for the Forbearance Warrant issued to Dialectic in connection with the Fifteenth Amendment. The fair value was subsequently remeasured as of December 31, 2025, and the resulting change in fair value was recognized in the condensed consolidated statement of operations and comprehensive loss under "Change in fair value of warrant liabilities."

The Forbearance Warrant was valued using a Monte Carlo simulation model in conjunction with a Probability-Weighted Expected Return Model. This model incorporates various assumptions, including the Company's common stock price, expected volatility, risk-free interest rate, and the remaining contractual term of the warrant.

Because the valuation relies on significant unobservable inputs, the fair value of the Forbearance Warrant is classified as Level 3 within the fair value hierarchy.

The following table summarizes the key assumptions used in estimating the fair value of the Forbearance Warrant at issuance and at December 31, 2025:

	December 31, 2025	September 23, 2025
Discount period (years)	6.73 years	7.0 years
Risk-free interest rate	3.46% - 3.87%	3.52% - 3.83%
Stock price volatility	100.00%	98.00%
Stock price at valuation date	\$6.45	\$10.69
Probability ¹	35% - 15% - 50%	35% - 15% - 50%
Fair value (in thousands)	\$16,335	\$25,420

⁽¹⁾ Scenario probability as of issuance was based on timing expectations of management that a liquidation event occurring was estimated at 35%; a fundamental transaction occurring was estimated at 15%; and none of the previous events were estimated at 50%.

The table below sets forth a summary of changes in the fair value of the Company's warrant liabilities for the period ended December 31, 2025:

Issuance of warrants	\$ 25,420
Change in fair value of warrant liabilities	(1,525)
Balance at September 30, 2025	\$ 23,895
Change in fair value of warrant liabilities	(7,560)
Balance at December 31, 2025	\$ 16,335

Convertible Note

The Company measures the Convertible Note at fair value using significant inputs that are not observable in active markets and therefore classifies the Convertible Note as a Level 3 measurement within the fair value hierarchy. Changes in the fair value of the Convertible Note resulting from updated assumptions and estimates are recognized as a fair value adjustment in the condensed consolidated statements of operations and comprehensive loss.

The Company estimated the fair value of the Convertible Note using a Monte Carlo simulation method, as the Convertible Note includes features for which the settlement outcome depends on the path of the Company's stock price and other variables over time. In addition, the Company assigned probabilities to various possible settlement scenarios.

The significant assumptions used by the Company to estimate the fair value of the Convertible Note as of December 18, 2025 and December 31, 2025 are summarized below:

	December 31, 2025	December 18, 2025
Term (years)	2.97 years	3.0 years
Volatility	80.0%	120.0%
Dividend yield	0.00%	0.00%
Risk-free interest rate	3.52%	3.47%
Probability for maturity	65%	65%
Probability for liquidation event	35%	35%

The table below sets forth a summary of changes in the fair value of the Convertible Note for the period ended December 31, 2025:

Issuance of Convertible Note	\$ 77,472
Change in fair value of Convertible Note	(1,599)
Balance at December 31, 2025	\$ 75,873

NOTE 6: LEASES

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

	December 31, 2025		March 31, 2025	
	2025	2024	2025	2024
Operating Leases				
Operating lease right-of-use asset	\$ 7,755		\$ 8,580	
Operating lease liability within other accrued liabilities	\$ 679		\$ 856	
Operating lease liability, net	8,406		8,934	
Total operating lease liabilities	\$ 9,085		\$ 9,790	

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

Lease Cost	Three Months Ended December 31,		Nine Months Ended December 31,	
	2025	2024	2025	2024
Operating lease cost	\$ 545	\$ 716	\$ 1,686	\$ 2,207
Variable lease cost	145	69	220	221
Total lease cost	\$ 690	\$ 785	\$ 1,906	\$ 2,428

Maturity of Lease Liabilities		Operating Leases
Remainder of fiscal year 2026	\$	556
2027		1,880
2028		1,625
2029		1,247
2030		1,244
Thereafter		10,855
Total lease payments		17,407
Less: imputed interest		(8,322)
Present value of lease liabilities	\$	9,085

Lease Term and Discount Rate	December 31, 2025	March 31, 2025
Weighted average remaining operating lease term (years)	10.14	10.19
Weighted average discount rate for operating leases	12.7 %	12.59 %

Operating cash outflows related to operating leases each totaled \$1.6 million and \$2.1 million for the nine months ended December 31, 2025 and 2024, respectively.

NOTE 7: RESTRUCTURING CHARGES

During the quarters ended December 31, 2025 and 2024, the Company had certain approved restructuring plans to improve operational efficiencies and rationalize its cost structure. During the quarter ended December 31, 2025, the Company recognized \$1.5 million of restructuring charges primarily related to employee severance and other termination benefits. These charges are presented within restructuring charges in the condensed consolidated statements of operations and comprehensive loss. The Company expects to recognize additional restructuring charges in future periods, primarily related to severance and termination benefits, and is expected to be substantially complete by the end of fiscal year 2026, which is subject to change.

The following tables present the activity and the estimated timing of future payouts for accrued restructuring included in other current liabilities in the condensed consolidated balance sheets (in thousands):

	Severance and Benefits
Balance as of March 31, 2024	\$ —
Restructuring charges	2,916
Cash payments	(2,849)
Other non-cash	(67)
Balance as of December 31, 2024	<u>\$ —</u>
Balance as of March 31, 2025	\$ 786
Restructuring charges	7,141
Cash payments	(7,053)
Other non-cash	31
Balance as of December 31, 2025	<u>\$ 905</u>

During the three and nine months ended December 31, 2025, the Company recognized approximately \$0.8 million and \$2.0 million in forfeitures of unvested restricted stock units ("RSUs") in connection with workforce reductions and employee departures, which reduced stock-based compensation expense in the respective periods.

NOTE 8: COMMON STOCK**2023 Long-Term Incentive Plan**

At the Company's 2025 annual meeting of shareholders held on December 16, 2025 (the "Annual Meeting"), the Company's shareholders approved an amendment and restatement of the Quantum Corporation 2023 Long-Term Incentive Plan (the "2023 Plan") to (i) increase the number of shares of the Company's common stock reserved for issuance thereunder by 1,400,000 shares and (ii) remove the individual annual award limits for employees and consultants.

CEO New Hire Awards

During the quarter ended December 31, 2025, the Company granted equity awards to its Chief Executive Officer consisting of (i) an option to purchase 50,000 shares of the Company's common stock and (ii) 37,500 restricted stock units. The awards vest in four equal annual installments, subject to continued service. The stock option was valued using the Black-Scholes option pricing model on the grant date.

The significant assumptions used by the Company to estimate the fair value of the option awards as of December 31, 2025 are summarized below:

	December 31, 2025
Term (years)	7.00 years
Volatility	80.0%
Dividend yield	0.00%
Risk-free interest rate	3.52%
Grant date fair value	\$368,038

Standby Equity Purchase Agreement

On January 25, 2025, the Company entered into the 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 the Company's common stock at any time during the three-year period following the date of the SEPA.

Sales of common stock under the SEPA may be made by the Company at its discretion from time to time and will depend upon market conditions and other factors. The purchase price for shares sold under the SEPA is based on a formula tied to the volume-weighted average price of the Company's common stock.

In addition, in no event may the Company issue more than 1,157,139 shares of common stock under the SEPA, representing 19.99% of the Company's common stock outstanding immediately prior to execution of the SEPA (the "Exchange Cap"), unless the Company obtains stockholder approval in accordance with applicable Nasdaq rules or otherwise satisfies the conditions under which the Exchange Cap would not apply. The SEPA is also subject to a 4.99% beneficial ownership limitation, which restricts Yorkville from acquiring shares that would result in ownership above that threshold.

As of December 31, 2025, the Company has sold approximately 8.2 million shares of its common stock under the SEPA for net proceeds of approximately \$89.6 million. There were 0.7 million and 7.1 million shares of common stock sold for net proceeds of approximately \$5.0 million and \$72.0 million in the three and nine months ended December 31, 2025.

The amount of additional capital that may be raised under the SEPA will depend on market conditions, trading volumes, the Company's stock price, and the continued satisfaction of the applicable limitations and conditions under the agreement.

The Company evaluated the contract that includes the right to require Yorkville to purchase shares of common stock in the future ("put right") considering the guidance in ASC 815-40, Derivatives and Hedging — Contracts on an Entity's Own Equity and concluded that it is an equity-linked contract that does not qualify for equity classification, and therefore requires fair value accounting. The Company has analyzed the terms of the freestanding put right and has concluded that it has an immaterial value as of December 31, 2025.

NOTE 9: NET LOSS PER SHARE

The Company has performance share units, restricted stock units and options to purchase shares under its Employee Stock Purchase Plan ("ESPP"), granted under various stock incentive plans that, upon exercise and vesting, would increase shares outstanding. The Company has also issued warrants to purchase shares of common stock.

The dilutive impact related to shares of common stock from incentive plans and outstanding warrants is determined by applying the treasury stock method to the assumed vesting of outstanding performance share units and restricted stock units and the exercise of outstanding options and warrants. The dilutive impact related to shares of common stock from contingently issuable performance share units is determined by applying a two-step approach using both the contingently issuable share guidance and the treasury stock method. In periods of a net loss, all potentially dilutive weighted-average outstanding shares of common stock equivalents were excluded from the computation of diluted net loss per share for the periods presented because including them would have been anti-dilutive.

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2025	2024	2025	2024
Stock Awards	37	181	73	76
Lender Warrants	—	678	—	845
Forbearance Warrant	2,653	—	2,653	—

The Company had outstanding market based restricted stock units as of December 31, 2025 that were eligible to vest into shares of the common stock subject to the achievement of certain stock price targets in addition to a time-based vesting period. These contingently issuable shares are excluded from the computation of diluted earnings per share if, based on current period results, the shares would not be issuable if the end of the reporting period were the end of the contingency period. There were 5,743 and 170,750 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 December 31, 2025 and 2024, respectively.

NOTE 10: INCOME TAXES

The effective tax rate for the three and nine months ended December 31, 2025 and 2024 was (2.2)% and (1.1)%, as compared to (0.1)% and (0.6)%, respectively. The effective tax rates differed from the federal statutory tax rate of 21% during each of these periods due primarily to unbenefted losses experienced in jurisdictions with valuation allowances on deferred tax assets as well as the forecasted mix of earnings in domestic and international jurisdictions.

As of December 31, 2025, including interest and penalties, the Company had \$84.0 million of unrecognized tax benefits, \$74.8 million of which, if recognized, would favorably affect the effective tax rate without consideration of the valuation allowance. As of December 31, 2025, the Company had accrued interest and penalties related to these unrecognized tax benefits of \$1.4 million. The Company recognizes interest and penalties related to income tax matters in the income tax provision in the condensed consolidated statements of operations. As of December 31, 2025, \$76.1 million of unrecognized tax benefits were recorded as a contra deferred tax asset in other long-term assets in the condensed consolidated balance sheets and \$7.9 million (including interest and penalties) were recorded in other long-term liabilities in the condensed consolidated balance sheets. During the next 12 months, it is reasonably possible that approximately \$5.3 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, \$5.2 million will be offset by the establishment of a related valuation allowance. The net tax benefit recognized in the statements of operations is estimated to be \$0.1 million.

On July 4, 2025, President Trump signed into law the legislation commonly referred to as the One Big Beautiful Bill Act (“OBBA”). 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 material impact to the Company's condensed consolidated financial statements for the quarter ended December 31, 2025, the Company is assessing its impact on the consolidated financial statements that would take effect beginning in the period in which the OBBBA was signed into law.

NOTE 11: COMMITMENTS AND CONTINGENCIES

Commitments to Purchase Inventory

The Company uses contract manufacturers for its manufacturing operations. Under these arrangements, the contract manufacturer procures inventory to manufacture products based upon the Company's forecast of customer demand. The Company has similar arrangements with certain other suppliers. The Company may be 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 December 31, 2025, the Company had issued non-cancellable commitments for \$47.2 million to purchase inventory from its contract manufacturers and suppliers.

Litigation

On September 4, 2025, a shareholder class action complaint was filed in the United States District Court for the District of Colorado. The complaint identifies Seung Lee as the plaintiff and names Quantum Corporation and James J. Lerner, Kenneth P. Gianella, and Laura Nash as defendants. It alleges certain violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and SEC Rule 10b-5 related to certain disclosures made in the Company's quarterly and annual reports regarding its financial reporting for the third quarter of the Company's fiscal year 2025 and its restatement of that financial reporting. The complaint seeks to designate the plaintiff as the lead plaintiff for the class and define a class period of November 15, 2024 through August 18, 2025, and seeks an award of unspecified damages, costs, and expenses. The litigation is currently in its early stages, a final claim has not yet been served, and no discovery has taken place.

On October 28, 2025, a shareholder derivative complaint was filed in the United States District Court for the District of Colorado. The complaint was filed by Brent Cullison derivatively on behalf of Quantum Corporation against James J. Lerner, Kenneth P. Gianella, Laura Nash, Don Jaworski, John Fichthorn, Hugues Meyrath, John R. Tracy, Emily White, James C. Clancy, and Tony J. Blevins. The complaint substantially repeats the allegations of the shareholder litigation described above and alleges related breaches of fiduciary duties and other causes of action. The complaint seeks recovery of damages sustained by Quantum arising from the allegations, as well as fees and costs incurred.

Another shareholder derivative complaint was filed in the same court on November 4, 2025. That complaint names Felicia Marti on behalf of Quantum Corporation as the plaintiff, with James J. Lerner, Kenneth P. Gianella, Laura Nash, John Fichthorn, Donald J. Jaworski, Hugues Meyrath, John R. Tracy, and Emily White named as defendants. The complaint substantially repeats the allegations of the Cullison derivative litigation and seeks relief of recovery of damages sustained by Quantum arising from the allegations, certain corporate governance reforms, and fees and costs incurred.

On January 22, 2026, the court ordered the separate Cullison and Marti shareholder derivative complaints to be consolidated.

At this time, Quantum is not able to determine whether the shareholder class action or derivative lawsuits would have any material impact on our business, operating results, or financial condition. Quantum expects to be able to utilize its directors' and officers' liability insurance to cover the insurable costs for these litigations, to the extent applicable.

Additionally, from time to time, the Company is party to various legal proceedings and claims arising from the normal course of business activities. Based on current available information, the Company does not expect that the

ultimate outcome of any currently pending matters, individually or in the aggregate, will have a material adverse effect on the Company's results of operations, cash flows or financial position.

NOTE 12: SEGMENT INFORMATION

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

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

Disaggregation of Revenue

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2025	2024	2025	2024
Americas¹				
Product revenue	\$ 26,605	\$ 19,245	\$ 70,292	\$ 65,671
Service and subscription	15,540	14,639	44,887	46,029
Total revenue	42,145	33,884	115,179	111,700
	57 %	50 %	56 %	52 %
EMEA				
Product revenue	14,930	14,423	35,763	40,396
Service and subscription	8,906	10,544	25,811	31,245
Total revenue	23,836	24,967	61,574	71,641
	32 %	36 %	31 %	34 %
APAC				
Product revenue	4,936	4,966	13,320	14,498
Service and subscription	2,074	2,541	6,384	7,366
Total revenue	7,010	7,507	19,704	21,864
	9 %	11 %	10 %	10 %
Consolidated				
Product revenue	46,471	38,634	119,375	120,565
Service and subscription	26,520	27,724	77,082	84,640
Royalty ²	1,595	2 %	5,130	7,592
Total revenue	\$ 74,586	100 %	\$ 201,587	100 %
			\$ 212,797	100 %

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

² Royalty revenue is not allocatable to geographic regions.

Revenue by Solution

	Three Months Ended December 31,				Nine Months Ended December 31,			
	2025	%	2024	%	2025	%	2024	%
Primary storage systems	\$ 10,085	14 %	\$ 14,123	21 %	\$ 33,582	17 %	\$ 43,921	21 %
Secondary storage systems	30,644	40 %	20,349	30 %	68,928	33 %	60,095	27 %
Device and media	10,122	14 %	7,671	11 %	27,614	14 %	25,099	12 %
Service	22,140	30 %	24,215	35 %	66,333	33 %	76,090	36 %
Royalty	1,595	2 %	2,326	3 %	5,130	3 %	7,592	4 %
Total revenue ¹	<u>\$ 74,586</u>	100 %	<u>\$ 68,684</u>	100 %	<u>\$ 201,587</u>	100 %	<u>\$ 212,797</u>	100 %

¹ Subscription revenue of \$4.4 million and \$3.5 million was allocated to primary and secondary storage systems for the three months ended December 31, 2025 and 2024, respectively. Subscription revenue of \$10.7 million and \$8.6 million was allocated to primary and secondary storage systems for the nine months ended December 31, 2025 and 2024, respectively.

Net Loss

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2025	2024	2025	2024
Total revenue	\$ 74,586	\$ 68,684	\$ 201,587	\$ 212,797
Total cost of revenue	45,654	40,796	126,391	127,205
Gross profit	28,932	27,888	75,196	85,592
Gross margin	38.8 %	40.6 %	37.3 %	40.2 %
Operating expenses				
Salaries & fringe ¹	16,437	19,359	51,170	62,026
Outside services ²	3,531	7,129	15,970	28,013
Infrastructure ³	2,086	2,438	6,938	8,229
Operational costs ⁴	2,260	2,429	6,652	7,225
Restructuring	1,525	1,342	7,141	2,916
Other ⁵	4,281	2,918	9,268	7,269
Total operating expenses	<u>30,120</u>	<u>35,615</u>	<u>97,139</u>	<u>115,678</u>
Income (loss) from operations	(1,188)	(7,727)	(21,943)	(30,086)
Other income (expense), net	(387)	960	(1,261)	(429)
Interest income	42	7	301	21
Interest expense	(5,933)	(6,840)	(18,675)	(16,761)
Change in fair value of warrant liabilities	7,560	(61,630)	9,085	(56,414)
Change in fair value of Convertible Note	1,599	—	1,599	—
Loss on debt extinguishment	(28,946)	—	(59,641)	(3,003)
Loss before income taxes	(27,253)	(75,230)	(90,535)	(106,672)
Income tax provision	590	70	970	675
Net loss	<u>\$ (27,843)</u>	<u>\$ (75,300)</u>	<u>\$ (91,505)</u>	<u>\$ (107,347)</u>

¹ Salaries & fringe includes spend on contractors.

² Outside services includes professional service, recruiting and legal expenses.

³ Infrastructure includes property related expenses, including fixed and variable lease expense, telecommunications and depreciation.

⁴ Operational costs include dues and subscriptions, computer expenses, office supplies and other miscellaneous items.

⁵ Other segment items includes travel related spend, marketing expense, taxes, fees and other miscellaneous items.

NOTE 13: SUBSEQUENT EVENTS

During the period from January 1, 2026 through February 12, 2026, the Company issued approximately 503,000 shares of common stock under the SEPA for net proceeds of approximately \$3.2 million.

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

The following discussion and analysis compares the change in the condensed consolidated financial statements for quarters and nine months ended December 31, 2025 and December 31, 2024, and should be read together with our condensed consolidated financial statements and the related notes thereto included in this Quarterly Report on Form 10-Q, and the audited consolidated financial statements and notes thereto and management's discussion and analysis of financial condition and results of operations included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2025 (the "Annual Report"). In particular, the risk factors contained in Part I, Item 1A of the Annual Report under the heading "Risk Factors" may reflect trends, demands, commitments, events, or uncertainties that could materially impact our results of operations and liquidity and capital resources. For comparisons of quarters and nine months ended December 31, 2024 and December 31, 2023, see our Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of our Annual Report on Form 10-K for the year ended March 31, 2025, filed with the SEC on August 26, 2025 and incorporated herein by reference. Our fiscal year ends on March 31 of each calendar year. "Fiscal 2025" refers to the fiscal year ended March 31, 2025.

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

OVERVIEW

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

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

Macroeconomic Conditions

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

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

RESULTS OF OPERATIONS

(in thousands)	Three Months Ended December 31,		Nine Months Ended December 31,	
	2025	2024	2025	2024
Total revenue	\$ 74,586	\$ 68,684	\$ 201,587	\$ 212,797
Total cost of revenue ⁽¹⁾	45,654	40,796	126,391	127,205
Gross profit	28,932	27,888	75,196	85,592
 Operating expenses				
Sales and marketing ⁽¹⁾	12,977	12,448	37,451	39,321
General and administrative ⁽¹⁾	10,045	14,142	34,621	49,186
Research and development ⁽¹⁾	5,573	7,683	17,926	24,255
Restructuring charges ⁽¹⁾	1,525	1,342	7,141	2,916
Total operating expenses	30,120	35,615	97,139	115,678
Income (loss) from operations	(1,188)	(7,727)	(21,943)	(30,086)
Other income (expense), net	(387)	960	(1,261)	(429)
Interest income	42	7	301	21
Interest expense	(5,933)	(6,840)	(18,675)	(16,761)
Change in fair value of warrant liabilities	7,560	(61,630)	9,085	(56,414)
Change in fair value of Convertible Note	1,599	—	1,599	—
Loss on debt extinguishment	(28,946)	—	(59,641)	(3,003)
Loss before income taxes	(27,253)	(75,230)	(90,535)	(106,672)
Income tax provision	590	70	970	675
Net loss	\$ (27,843)	\$ (75,300)	\$ (91,505)	\$ (107,347)

⁽¹⁾ Includes stock-based compensation as follows:

(in thousands)	Three Months Ended December 31,		Nine Months Ended December 31,	
	2025	2024	2025	2024
Cost of revenue	\$ (58)	\$ 95	\$ (38)	\$ 361
Research and development	27	105	114	454
Sales and marketing	(66)	46	(72)	219
General and administrative	(872)	490	(1,178)	1,342
Total	\$ (969)	\$ 736	\$ (1,174)	\$ 2,376

Comparison of the Three Months Ended December 31, 2025 and 2024

Revenue

(dollars in thousands)	Three Months Ended December 31,			\$ Change	% Change
	2025	% of revenue	2024		
Product revenue	\$ 46,471	62 %	\$ 38,634	\$ 7,837	20 %
Service and subscription	26,520	36 %	27,724	(1,204)	(4)%
Royalty	1,595	2 %	2,326	(731)	(31)%
Total revenue	\$ 74,586	100 %	\$ 68,684	\$ 5,902	9 %

Product Revenue

In the three months ended December 31, 2025, product revenue increased \$7.8 million, or 20%, as compared to the same period in fiscal 2025. The primary driver of the increase was due to higher sales across secondary storage, devices and media product lines.

Service and Subscription Revenue

Service and subscription revenue decreased \$1.2 million, or 4%, in the three months ended December 31, 2025 compared to the same period in fiscal 2025. This decrease was due to a strong quarter for support renewals and related revenue recognition.

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 \$0.7 million, or 31%, in the three months ended December 31, 2025 compared to the same period in fiscal 2025 due to both lower market volume and a mix weighted towards linear-tape-open ("LTO") types with lower royalty rates.

Gross Profit and Margin

(dollars in thousands)	Three Months Ended December 31,			\$ Change	Basis point change
	2025	Gross margin %	2024		
Product	\$ 10,860	23.4 %	\$ 7,712	20.0 %	\$ 3,148 340
Service and subscription	16,477	62.1 %	17,850	64.4 %	(1,373) (230)
Royalty	1,595	100.0 %	2,326	100.0 %	(731) —
Gross profit	\$ 28,932	38.8 %	\$ 27,888	40.6 %	\$ 1,044 (180)

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

Product Gross Margin

Product gross margin increased by \$3.1 million, or by 340 basis points, for the three months ended December 31, 2025, as compared with the same period in fiscal 2025. This increase was primarily due to sales during the quarter more heavily weighted towards higher margin products.

Service and Subscription Gross Margin

Service and subscription gross margins decreased by \$1.4 million, or by 230 basis points, for the three months ended December 31, 2025, as compared with the same period in fiscal 2025. This decrease was primarily driven by higher service inventory and logistics costs as we rebalance spare parts supply worldwide.

Royalty Gross Margin

Royalties do not have significant related cost of sales.

Operating Expenses

(dollars in thousands)	Three Months Ended December 31,			\$ Change	% Change
	2025	% of revenue	2024		
Sales and marketing	\$ 12,977	17 %	\$ 12,448	529	4 %
General and administrative	10,045	13 %	14,142	(4,097)	(29)%
Research and development	5,573	8 %	7,683	(2,110)	(27)%
Restructuring charges	1,525	2 %	1,342	183	14 %
Total operating expenses	\$ 30,120	40 %	\$ 35,615	\$ (5,495)	(15)%

In the three months ended December 31, 2025, sales and marketing expenses increased \$0.5 million, or 4%, as compared with the same period in fiscal 2025. This increase was primarily driven by higher commission expense related to product and service sales.

[Table of Contents](#)

In the three months ended December 31, 2025, general and administrative expenses decreased \$4.1 million, or 29%, as compared with the same period in fiscal 2025. This decrease was primarily driven by higher expense in the prior year related to compliance focused outside services.

In the three months ended December 31, 2025, research and development expenses decreased \$2.1 million, or 27%, as compared with the same period in fiscal 2025. This decrease was the result of efficiencies realized through improved organization design, including the consolidation of common functions.

In the three months ended December 31, 2025, restructuring expenses increased \$0.2 million, or 14%, as compared with the same period in fiscal 2025. This increase in restructuring expenses primarily involves workforce reductions and related severance and termination benefits. These actions are part of management's ongoing efforts to align the Company's organizational structure and resources with its strategic priorities and to streamline operations across business units.

The Company expects these initiatives to result in future cost savings and productivity improvements beginning in fiscal 2026. The restructuring activities are expected to be substantially completed by the end of fiscal year 2026; however, the timing and total amount of charges are subject to change as implementation progresses.

Other Income (Expense), net

(dollars in thousands)	Three Months Ended December 31,					
	2025	% of revenue	2024	% of revenue	\$ Change	% Change
Other income (expense), net	\$ (387)	(1)%	\$ 960	1 %	\$ (1,347)	(140)%

The change in other income (expense), net during the three months ended December 31, 2025 compared with the same period in fiscal 2025 was related primarily to fluctuations in foreign currency exchange rates during the three months ended December 31, 2025.

Interest Income

(dollars in thousands)	Three Months Ended December 31,					
	2025	% of revenue	2024	% of revenue	\$ Change	% Change
Interest income	\$ 42	0 %	\$ 7	— %	\$ 35	500 %

The change in interest income during the three months ended December 31, 2025 compared with the same period in fiscal 2025 was related primarily to higher average cash balances and prevailing interest rates during the three months ended December 31, 2025.

Interest Expense

(dollars in thousands)	Three Months Ended December 31,					
	2025	% of revenue	2024	% of revenue	\$ Change	% Change
Interest expense	\$ (5,933)	(8)%	\$ (6,840)	(10)%	\$ 907	(13)%

In the three months ended December 31, 2025, interest expense decreased \$0.9 million, or 13%, as compared with the same period in fiscal 2025, primarily due to the exchange of Dialectic's portion of the Term Loan for the Convertible Note on December 18, 2025, which reduced the amount of Term Loan principal outstanding during the quarter.

Warrant Liabilities

(dollars in thousands)	Three Months Ended December 31,						\$ Change	% Change
	2025	% of revenue	2024	% of revenue	\$ Change	% Change		
Change in fair value of warrant liabilities - Lender Warrants	\$ —	— %	\$ (61,630)	(90)%	\$ 61,630	100 %		
Change in fair value of warrant liabilities - Forbearance Warrant	\$ 7,560	10 %	\$ —	— %	\$ 7,560	100 %		

In the three months ended December 31, 2025, we recorded a non-cash gain of \$7.6 million related to the change in fair value of our Forbearance Warrant liabilities. In the three months ended December 31, 2024, we recorded a non-cash loss of \$61.6 million related to the change in fair value of our Lender Warrant liabilities. These changes were primarily driven by fluctuations in our stock price.

Convertible Note

(dollars in thousands)	Three Months Ended December 31,						\$ Change	% Change
	2025	% of revenue	2024	% of revenue	\$ Change	% Change		
Change in fair value of Convertible Note	\$ 1,599	2 %	\$ —	— %	\$ 1,599	100 %		

In the three months ended December 31, 2025, we recorded a non-cash gain of \$1.6 million related to the change in fair value of our Convertible Note, primarily driven by changes in market inputs, including a lower stock price and updated volatility assumptions, and the December 31 exchange price reset based on the 30-day VWAP.

Loss on Debt Extinguishment

(dollars in thousands)	Three Months Ended December 31,						\$ Change	% Change
	2025	% of revenue	2024	% of revenue	\$ Change	% Change		
Loss on debt extinguishment	\$ (28,946)	(42)%	\$ —	— %	\$ (28,946)	100 %		

In the three months ended December 31, 2025, loss on debt extinguishment was related to the exchange of Dialectic's portion of the Term Loan for the Convertible Note.

Income Taxes

(dollars in thousands)	Three Months Ended December 31,						\$ Change	% Change
	2025	% of pretax income	2024	% of pretax income	\$ Change	% Change		
Income tax provision	\$ 590	(2)%	\$ 70	— %	\$ 520	743 %		

The income tax provision for the three months ended December 31, 2025 and 2024 is primarily influenced by foreign and state income taxes. Due to our history of net losses in the United States, the protracted period for utilizing tax attributes in certain foreign jurisdictions, and the difficulty in predicting future results, we believe that we cannot rely on projections of future taxable income to realize most of our deferred tax assets. Accordingly, we have established a full valuation allowance against our U.S. and certain foreign net deferred tax assets. Significant management judgment is required in assessing our ability to realize any future benefit from our net deferred tax assets. We intend to maintain this valuation allowance until sufficient positive evidence exists to support its reversal. Our income tax expense recorded in the future will be reduced to the extent that sufficient positive evidence materializes to support a reversal of, or decrease in, our valuation allowance.

Comparison of the Nine Months Ended December 31, 2025 and 2024

Revenue

(dollars in thousands)	Nine Months Ended December 31,					
	2025	% of revenue	2024	% of revenue	\$ Change	% Change
Product revenue	\$ 119,375	59 %	\$ 120,565	56 %	\$ (1,190)	(1)%
Service and subscription	77,082	38 %	84,640	40 %	(7,558)	(9)%
Royalty	5,130	3 %	7,592	4 %	(2,462)	(32)%
Total revenue	\$ 201,587	100 %	\$ 212,797	100 %	\$ (11,210)	(5)%

Product Revenue

In the nine months ended December 31, 2025, product revenue decreased \$1.2 million, or 1%, as compared to the same period in fiscal 2025. The primary driver of the decrease was in primary storage systems with a large video surveillance order in the prior period.

Service and Subscription Revenue

Service and subscription revenue decreased \$7.6 million, or 9%, in the nine months ended December 31, 2025 compared to the same period in fiscal 2025. This decrease was due to certain long-lived products reaching their end-of-service-life.

Royalty Revenue

We receive royalties from third parties that license our linear-tape open media patents through our membership in the linear-tape open consortium. Royalty revenue saw a decrease of \$2.5 million, or 32%, in the nine months ended December 31, 2025 compared to the same period in fiscal 2025 due to both lower market volume and a mix weighted towards LTO types with lower royalty rates.

Gross Profit and Margin

(dollars in thousands)	Nine Months Ended December 31,					
	2025	Gross margin %	2024	Gross margin %	\$ Change	Basis point change
Product	\$ 24,271	23.4 %	\$ 27,314	22.7 %	\$ (3,043)	70
Service and subscription	45,795	62.1 %	50,686	59.9 %	(4,891)	220
Royalty	5,130	100.0 %	7,592	100.0 %	(2,462)	—
Gross profit	\$ 75,196	38.8 %	\$ 85,592	40.2 %	\$ (10,396)	(140)

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

Product Gross Margin

Product gross margin decreased by \$3.0 million, or by 70 basis points, for the nine months ended December 31, 2025, as compared with the same period in fiscal 2025. This decrease was primarily due to an inventory provision accrued for certain end-of-life products, as well as supply chain logistics costs including import tariffs.

Service and Subscription Gross Margin

Service and subscription gross margins decreased by \$4.9 million, or by 220 basis points for the nine months ended December 31, 2025, as compared with the same period in fiscal 2025. This decrease was primarily driven by the reduction of service costs across the organization, including logistics, repair, and labor.

Royalty Gross Margin

Royalties do not have significant related cost of sales.

Operating Expenses

(dollars in thousands)	Nine Months Ended December 31,					
	2025	% of revenue	2024	% of revenue	\$ Change	% Change
Sales and marketing	\$ 37,451	19 %	\$ 39,321	18 %	\$ (1,870)	(5)%
General and administrative	34,621	17 %	49,186	23 %	(14,565)	(30)%
Research and development	17,926	9 %	24,255	11 %	(6,329)	(26)%
Restructuring charges	7,141	4 %	2,916	1 %	4,225	145 %
Total operating expenses	\$ 97,139	49 %	\$ 115,678	53 %	\$ (18,539)	(16)%

In the nine months ended December 31, 2025, sales and marketing expenses decreased \$1.9 million, or 5%, as compared with the same period in fiscal 2025. This decrease was primarily driven by improved operational efficiency and increased leverage of our channel.

In the nine months ended December 31, 2025, general and administrative expenses decreased \$14.6 million, or 30%, as compared with the same period in fiscal 2025. This decrease was primarily driven by higher expense in the prior year related to compliance focused outside services.

In the nine months ended December 31, 2025, research and development expenses decreased \$6.3 million, or 26%, as compared with the same period in fiscal 2025. This decrease was the result of efficiencies realized through improved organization design, including the consolidation of common functions.

In the nine months ended December 31, 2025, restructuring expenses increased \$4.2 million, or 145%, as compared with the same period in fiscal 2025. The increase was the result of significant changes in management structure, and overall consolidation of resources designed to improve operational efficiencies and rationalize its cost structure. These actions are part of management's ongoing efforts to align the Company's organizational structure and resources with its strategic priorities and to streamline operations across business units. The restructuring plan primarily involves workforce reductions and related severance and termination benefits.

The Company expects these initiatives to result in future cost savings and productivity improvements beginning in fiscal 2026. The restructuring activities are expected to be substantially completed by the end of the fourth quarter of fiscal year 2026; however, the timing and total amount of charges are subject to change as implementation progresses.

Other Income (Expense), net

(dollars in thousands)	Nine Months Ended December 31,					
	2025	% of revenue	2024	% of revenue	\$ Change	% Change
Other income (expense), net	\$ (1,261)	(1)%	\$ (429)	(0)%	\$ (832)	(194)%

The change in other income (expense), net during the nine months ended December 31, 2025 compared with the same period in fiscal 2025 was related primarily to fluctuations in foreign currency exchange rates during the nine months ended December 31, 2025.

Interest Income

(dollars in thousands)	Nine Months Ended December 31,					
	2025	% of revenue	2024	% of revenue	\$ Change	% Change
Interest income	\$ 301	0 %	\$ 21	— %	\$ 280	(1,333)%

The change in interest income during the nine months ended December 31, 2025 compared with the same period in fiscal 2025 was related primarily to higher average cash balances and prevailing interest rates during the nine months ended December 31, 2025.

Interest Expense

(dollars in thousands)	Nine Months Ended December 31,					
	2025	% of revenue	2024	% of revenue	\$ Change	% Change
Interest expense	\$ (18,675)	(9)%	\$ (16,761)	(8)%	\$ (1,914)	11 %

In the nine months ended December 31, 2025, interest expense increased \$1.9 million, or 11%, as compared with the same period in fiscal 2025 due to a higher effective interest rate on our Term Loan as well as increased amortization of deferred debt issuance costs.

Warrant Liabilities

(dollars in thousands)	Nine Months Ended December 31,					
	2025	% of revenue	2024	% of revenue	\$ Change	% Change
Change in fair value of warrant liabilities - Lender Warrants	\$ —	— %	\$ (56,414)	(27)%	\$ 56,414	(100)%
Change in fair value of warrant liabilities - Forbearance Warrant	\$ 9,085	5 %	\$ —	— %	\$ 9,085	100 %

In the nine months ended December 31, 2025, we recorded a non-cash gain of \$9.1 million related to the change in fair value of our Forbearance Warrant liabilities. In the nine months ended December 31, 2024, we recorded a non-cash loss of \$56.4 million related to the change in fair value of our Lender Warrant liabilities. These changes were primarily driven by fluctuations in our stock price.

Convertible Note

(dollars in thousands)	Nine Months Ended December 31,					
	2025	% of revenue	2024	% of revenue	\$ Change	% Change
Change in fair value of Convertible Note	\$ 1,599	1 %	\$ —	— %	\$ 1,599	100 %

In the nine months ended December 31, 2025, we recorded a non-cash gain of \$1.6 million related to the change in fair value of our Convertible Note, primarily driven by changes in market inputs, including a lower stock price and updated volatility assumptions, and the December 31 exchange price reset based on the 30-day VWAP.

Loss on Debt Extinguishment

(dollars in thousands)	Nine Months Ended December 31,					
	2025	% of revenue	2024	% of revenue	\$ Change	% Change
Loss on debt extinguishment	\$ (59,641)	(30)%	\$ (3,003)	(1)%	\$ (56,638)	1,886 %

In the nine months ended December 31, 2025, loss on debt extinguishment was related to the exchange of Dialectic's portion of the Term Loan for the Convertible Note as well as the loss which was recorded for the issuance of new term loans in September 2025. In the nine months ended December 31, 2024, loss on debt extinguishment was related to prepayment of our long-term debt.

Income Taxes

(dollars in thousands)	Nine Months Ended December 31,					
	2025	% of pretax income	2024	% of pretax income	\$ Change	% Change
Income tax provision	\$ 970	(2)%	\$ 675	— %	\$ 295	44 %

The income tax provision for the nine months ended December 31, 2025 and 2024 is primarily influenced by foreign and state income taxes. Due to our history of net losses in the United States, the protracted period for utilizing tax

attributes in certain foreign jurisdictions, and the difficulty in predicting future results, we believe that we cannot rely on projections of future taxable income to realize most of our deferred tax assets. Accordingly, we have established a full valuation allowance against our U.S. and certain foreign net deferred tax assets. Significant management judgment is required in assessing our ability to realize any future benefit from our net deferred tax assets. We intend to maintain this valuation allowance until sufficient positive evidence exists to support its reversal. Our income tax expense recorded in the future will be reduced to the extent that sufficient positive evidence materializes to support a reversal of, or decrease in, our valuation allowance.

LIQUIDITY AND CAPITAL RESOURCES

We consider liquidity in terms of the sufficiency of internal and external cash resources to fund our operating, investing and financing activities. Our principal sources of liquidity include cash from operating and financing activities, and cash and cash equivalents on our balance sheet. We require significant cash resources to meet obligations to pay principal and interest on our outstanding debt, provide for our research and development activities, fund our working capital needs, and make capital expenditures. Our future liquidity requirements will depend on multiple factors, including our ability to raise additional capital, research and development plans and capital asset needs.

We had cash and cash equivalents of \$13.2 million as of December 31, 2025, which consisted primarily of bank deposits and money market accounts. As of December 31, 2025, our total outstanding Term Loan debt was \$54.6 million.

We generated negative cash flows from operations of approximately \$37.4 million and \$20.3 million for the nine months ended December 31, 2025 and 2024, respectively, and generated net losses of approximately \$91.5 million and \$107.3 million for the nine months ended December 31, 2025 and 2024, respectively. We have funded operations through the sale of common stock, Term Loan borrowings and PNC Credit Facility borrowings described in Note 4: Debt.

On January 25, 2025, we entered into the SEPA, pursuant to which, and subject to its terms, we have the right, but not the obligation, to sell up to \$200 million of our common stock during the three-year period following the date of the SEPA. As of December 31, 2025, we sold approximately 8.2 million shares of common stock under the SEPA for net proceeds of approximately \$89.6 million. There were 0.7 million and 7.1 million shares of common stock sold for net proceeds of approximately \$5.0 million and \$72.0 in the three and nine months ended December 31, 2025.

On December 18, 2025, we completed an exchange of Dialectic's portion of the Term Loan for one or more senior secured Convertible Note with a three-year maturity. This exchange reduced the amount of the Term Loan principal scheduled to mature on August 5, 2026. However, we remain obligated to repay the remaining Term Loan balance at maturity. As discussed in Note 1: Description of Business and Summary of Significant Accounting Policies—Going Concern, we do not expect to be able to repay the Term Loan at maturity using cash generated from operating activities. While we intend to use proceeds from the SEPA and/or other financing sources to support repayment of the remaining Term Loan balance, there can be no assurance that we will be able to access sufficient proceeds under the SEPA, obtain additional financing on acceptable terms, or at all.

Cash Flows

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

(in thousands)	Nine Months Ended December 31,	
	2025	2024
Cash provided by (used in):		
Operating activities	\$ (37,438)	\$ (20,345)
Investing activities	(925)	(4,324)
Financing activities	35,569	19,415
Effect of exchange rate changes	32	(3)
Net decrease in cash, cash equivalents and restricted cash	\$ (2,762)	\$ (5,257)

Cash Used In Operating Activities

Net cash used in operating activities was \$37.4 million for the nine months ended December 31, 2025. This use of cash was primarily attributed to the net loss and changes in working capital, partially offset by non-cash charges including loss on debt extinguishment, paid-in-kind interest, and changes in the fair value of warrant liabilities and the Convertible Note.

Net cash used in operating activities was \$20.3 million for the nine months ended December 31, 2024. This use of cash was primarily attributed to net loss offset by non-cash charges, including a \$56.4 million change in fair value of warrant liabilities, depreciation and amortization, stock-based compensation, paid-in-kind interest, and a loss on debt extinguishment. Working capital changes provided cash, including decreases in accounts receivable, inventories and prepaid expenses, partially offset by decreases in deferred revenue and accrued compensation.

Cash Used in Investing Activities

Net cash used in investing activities was \$0.9 million in the nine months ended December 31, 2025, which was attributable to capital expenditures.

Net cash used in investing activities was \$4.3 million in the nine months ended December 31, 2024, which was attributable to capital expenditures.

Cash Provided by Financing Activities

Net cash provided by financing activities was \$35.6 million for the nine months ended December 31, 2025, which was related primarily to net borrowings, the issuance of the Convertible Note, and proceeds from the SEPA, partially offset by repayments of long-term debt and credit facility borrowings.

Net cash provided by financing activities was \$19.4 million for the nine months ended December 31, 2024, primarily reflecting borrowings under the revolving credit facility and issuance of long-term debt, partially offset by repayments of long-term debt and revolver borrowings.

Commitments and Contingencies

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

We are also subject to ordinary course litigation. See Note 11, Commitments and Contingencies to the unaudited condensed consolidated financial statements for a discussion of our legal matters.

Off Balance Sheet Arrangements

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

Contractual Obligations

We have contractual obligations and commercial commitments, some of which, such as purchase obligations, are not recognized as liabilities in our condensed consolidated financial statements. There have not been any material changes to the contractual obligations disclosed in the Annual Report.

Critical Accounting Estimates and Policies

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

Recently Issued and Adopted Accounting Pronouncements

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive and principal financial officers, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")), as of the end of the period covered by this Quarterly Report. Based on such evaluation, our principal executive and principal financial officers have concluded that as of such date, our disclosure controls and procedures were not effective at the reasonable assurance level due to the material weaknesses described below.

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

Material Weaknesses in Internal Control Over Financial Reporting

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

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

Revenue Recognition

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

- Controls related to the Company's accounting practices and procedures for application of standalone selling price under Accounting Standards Codification Topic 606 *Revenue from Contracts with Customers* ("Topic")

606"). Specifically, the Company did not have adequate controls in place to conclude on the application of standalone selling price consistent with the generally accepted application of the guidance in Topic 606.

- Controls over the accuracy of the inputs in the sales order entry process. Specifically, the Company did not sufficiently execute controls over the review of data inputs in the sales order entry process to ensure accuracy of the price, quantity, and related customer data.
- Controls for reviewing and updating deferral schedules, which drives the timing of service revenue recognition. Specifically, the start and end dates in the deferral schedules were not consistently aligned with the contractual service periods.

Manufacturing Inventory

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

Control Environment

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

Remediation Plan

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

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

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

Changes in Internal Control

Except for the ongoing remediation measures to address the material weaknesses, in connection with the evaluation required by Rule 13a-15(d) under the Exchange Act, there were no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2025 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Subsequent to December 31, 2025, the Company appointed a new Chief Financial Officer. Management believes this appointment enhances the Company's financial leadership and supports the continued remediation of the material weaknesses described above. The appointment did not result in any changes to the design or operation of internal control over financial reporting during the quarter ended December 31, 2025.

Limitations on Effectiveness of Controls

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

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See [Note 11, Commitments and Contingencies](#) to the unaudited condensed consolidated financial statements for a discussion of our legal matters.

ITEM 1A. RISK FACTORS

There have been no material changes to the previously disclosed risk factors discussed in "Part I, Item 1A, Risk Factors" in the Annual Report. You should consider carefully these factors, together with all of the other information in this Quarterly Report, including our unaudited condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report, before making an investment decision.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Arrangement

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

ITEM 6. EXHIBITS

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

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed or Furnished Herewith
		Form	Filing Date	Exhibit	
3.1	Amended and Restated Certificate of Incorporation of the Company, as amended through August 26, 2024	S-1	1/27/25	3.1	
3.2	Amended and Restated Bylaws, as amended through June 12, 2025	8-K	6/18/25	3.1	
4.1	Indenture (including form of 10.00% PIK Senior Secured Convertible Note due 2028) dated December 18, 2025, by and among the Company, the guarantors party thereto and U.S. Bank Trust Company, National Association, as trustee and collateral agent	8-K	12/18/25	4.1	
4.2	Registration Rights Agreement dated December 18, 2025, by and between the Company and Dialectic Technology SPV LLC	8-K	12/18/25	4.2	
10.1#	Quantum Corporation 2023 Long-Term Incentive Plan, as amended and restated through October 20, 2025				X
10.2#	Amendment No. 2 to Quantum Corporation 2021 Inducement Plan, dated January 8, 2026				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
101.SCH	XBRL Taxonomy Extension Schema Document				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				X
104	Cover page interactive data file, submitted using inline XBRL (contained in Exhibit 101)				X

Indicates management contract or compensatory plan or arrangement.

[^] This exhibit is not deemed "filed" with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Registrant under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after date hereof and irrespective of any general incorporation language contained in such filing.

SIGNATURES

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

Quantum Corporation

(Registrant)

February 17, 2026

(Date)

/s/ Hugues Meyrath

Hugues Meyrath

President and Chief Executive Officer

(Principal Executive Officer)

February 17, 2026

(Date)

/s/ William H. White

William H. White

Chief Financial Officer

(Principal Financial Officer)

QUANTUM CORPORATION
2023 LONG-TERM INCENTIVE PLAN

(as amended and restated through October 20, 2025)

1. Purposes of the Plan; Award Types. The purposes of this Plan are to attract, retain and incentivize the best available personnel for positions of substantial responsibility, and to promote the success of the Company's business. The Plan permits the grant of Incentive Stock Options, Nonstatutory Stock Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, and Performance Awards.

2. Definitions. As used herein, the following definitions will apply:

(a) “Administrator” has the meaning set forth in Section 4(a) of the Plan.

(b) “Affiliate” means any corporation or any other entity (including, but not limited to, partnerships and joint ventures) controlling, controlled by, or under common control with the Company.

(c) “Applicable Laws” means the legal and regulatory requirements relating to the administration of equity- based awards, including but not limited to the related issuance of Shares under U.S. federal and state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and, only to the extent applicable with respect to an Award or Awards, the tax, securities, exchange control, and other laws of any jurisdictions other than the United States where Awards are, or will be, granted under the Plan. Reference to a section of an Applicable Law or regulation related to that section shall include such section or regulation, any valid regulation issued under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

(d) “Award” means, individually or collectively, a grant under the Plan of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, or Performance Awards.

(e) “Award Agreement” means the written or electronic agreement setting forth the terms and provisions applicable to each Award granted under the Plan. The Award Agreement is subject to the terms and conditions of the Plan.

(f) “Board” means the Board of Directors of the Company.

(g) “Change in Control” means the occurrence of any of the following events:

(i) A change in the ownership of the Company that occurs on the date that any one person, or more than one person acting as a group (a “**Person**”), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than fifty percent (50%) of the total voting power of the stock of the Company; provided, however, that for purposes of this

subsection (i), (1) the acquisition of beneficial ownership of additional stock by any one Person who is considered to beneficially own more than fifty percent (50%) of the total voting power of the stock of the Company at the time of the acquisition of the additional stock will not be considered a Change in Control; and (2) if the stockholders of the Company immediately before such change in ownership continue to retain immediately after the change in ownership, in substantially the same proportions as their ownership of shares of the Company's voting stock immediately prior to the change in ownership, direct or indirect beneficial ownership of fifty percent (50%) or more of the total voting power of the stock of the Company, such event shall not be considered a Change in Control under this subsection (i). For this purpose, indirect beneficial ownership shall include, without limitation, an interest resulting from ownership of the voting securities of one or more corporations or other business entities which own the Company, as the case may be, either directly or through one or more subsidiary corporations or other business entities;

(ii) A change in the effective control of the Company, which occurs on the date that a majority of members of its Board is replaced during any twelve (12) month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this subsection (ii), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control; or

(iii) A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer, or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (2) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all of the outstanding stock of the Company, or (4) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection. For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this definition, Persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

A transaction will not be deemed a Change in Control (x) unless the transaction qualifies as a change in control event within the meaning of Section 409A, or (y) if its primary purpose is to (A) change

the jurisdiction of the Company's incorporation, or (B) create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(h) “Code” means the Internal Revenue Code of 1986, as amended.

(i) “Committee” means a committee of Directors or of other individuals satisfying Applicable Laws appointed by the Board, or a duly authorized committee of the Board, in accordance with Section 4(a) of the Plan.

(j) “Common Stock” means the common stock of the Company.

(k) “Company” means Quantum Corporation, a Delaware corporation, or any successor thereto.

(l) “Company Group” means the Company, any Parent or Subsidiary of the Company, and any Affiliate.

(m) “Consultant” means any person engaged by a member of the Company Group to render bona fide services to such entity. A Consultant must be a person to whom the issuance of Shares registered on Form S-8 under the Securities Act is permitted.

(n) “Director” means a member of the Board.

(o) “Disability” means total and permanent disability as defined in Section 22(e)(3) of the Code, provided that in the case of Awards other than Incentive Stock Options, the Administrator in its discretion may determine whether a permanent and total disability exists in accordance with uniform and non-discriminatory standards adopted by the Administrator from time to time.

(p) “Dividend Equivalent” means a credit, made at the discretion of the Administrator or as otherwise provided by the Plan, to the account of a Participant in an amount equal to the cash dividends paid on one Share for each Share represented by a Restricted Stock Unit (including a Restricted Stock Unit granted as a Performance Award) held by such Participant.

(q) “Effective Date” has the meaning provided in Section 18 of the Plan.

(r) “Employee” means any person, including officers and Directors, employed by the Company or any member of the Company Group. However, with respect to Incentive Stock Options, an Employee must be employed by the Company or any Parent or Subsidiary of the Company. Neither service as a Director nor payment of a director's fee by the Company will be sufficient to constitute “employment” by the Company.

(s) “Exchange Act” means the Securities Exchange Act of 1934, as amended.

(t) “Exchange Program” means a program under which (i) outstanding awards are surrendered or canceled in exchange for awards of the same type (which may have higher or lower exercise prices and different terms), awards of a different type, and/or cash, (ii) Participants would have the opportunity to transfer for value any outstanding Awards to a financial institution or other person or entity selected by the Administrator (excluding for bona fide estate planning purposes as approved by the Administrator), and/or (iii) the exercise price of an outstanding Award is reduced (for example, the downward “repricing” of an underwater stock option). The term Exchange Program excludes any action permitted under Section 13 of the Plan. The Administrator will determine the terms and conditions of any Exchange Program in its discretion, but only to the extent permitted by the Company’s stockholders.

(u) “Fair Market Value” means, as of any date, the value of Common Stock determined as follows:

(i) if the Common Stock is listed on any established stock exchange or a national market system, including without limitation the New York Stock Exchange, Nasdaq Global Select Market, the Nasdaq Global Market or the Nasdaq Capital Market of The Nasdaq Stock Market, its Fair Market Value will be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system on the day of determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

(ii) if the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share will be the mean between the high bid and low asked prices for the Common Stock on the day of determination (or, if no bids and asks were reported on that date, as applicable, on the last Trading Day such bids and asks were reported), as reported in The Wall Street Journal or such other source as the Administrator deems reliable; or

(iii) in the absence of an established market for the Common Stock, the Fair Market Value will be determined in good faith by the Administrator.

Notwithstanding the foregoing, if the determination date for the Fair Market Value occurs on a weekend, holiday, or other day other than a Trading Day, the Fair Market Value will be the price as determined under subsections (i) or (ii) above on the immediately preceding Trading Day, unless otherwise determined by the Administrator. In addition, for purposes of determining the Fair Market Value of shares for any reason other than the determination of the Exercise Price of Options or Stock Appreciation Rights, Fair Market Value will be determined by the Administrator in a manner compliant with Applicable Laws and applied consistently for such purpose. Note that the determination of Fair Market Value for purposes of tax withholding may be made in the Administrator’s sole discretion subject to Applicable Laws and is not required to be consistent with the determination of Fair Market Value for other purposes.

(v) “Fiscal Year” means the fiscal year of the Company.

(w) “Incentive Stock Option” means an Option that by its terms qualifies and is otherwise intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

- (x) “ISO Limit” has the meaning provided in Section 3(c) of the Plan.
- (y) “Maximum Share Limit” has the meaning provided in Section 3(a) of the Plan.
- (z) “Nonstatutory Stock Option” means an Option that by its terms does not qualify or is not intended to qualify as an Incentive Stock Option.
- (aa) “Option” means a stock option granted pursuant to the Plan.
- (bb) “Outside Director” means a Director who is not an Employee or Consultant.
- (cc) “Parent” means a “parent corporation,” whether now or hereafter existing, as defined in Section 424(e) of the Code.
- (dd) “Participant” means the holder of an outstanding Award.
- (ee) “Performance Award” means an Award granted pursuant to Section 10 of the Plan which may be earned in whole or in part upon attainment of performance goals or other vesting criteria as the Administrator may determine and which may be cash- or stock-denominated and may be settled for cash, shares, or other securities or a combination of the foregoing.
- (ff) “Plan” means this 2023 Long-Term Incentive Plan.
- (gg) “Prior Plan” means the Quantum Corporation Amended and Restated 2012 Long-Term Incentive Plan.
- (hh) “Restricted Stock” means Shares issued pursuant to a Restricted Stock award under Section 7 of the Plan, or issued pursuant to the early exercise of an Option.
- (ii) “Restricted Stock Unit” means a bookkeeping entry representing an amount equal to the Fair Market Value (of one share or a cash amount), granted pursuant to Section 8 of the Plan. Each Restricted Stock Unit represents an unfunded and unsecured obligation of the Company.
- (jj) “Section 409A” means Section 409A of the Code.
- (kk) “Securities Act” means U.S. Securities Act of 1933, as amended.
- (ll) “Service Provider” means an Employee, Director or Consultant. The Company shall determine in good faith and in the exercise of its discretion whether an individual has become or has ceased to be a Service Provider and the effective date of such individual’s status as, or cessation of status as, a Service Provider. For purposes of an individual’s rights, if any, under the Plan as of the time of the Company’s determination, all such determinations by the Company shall be final, binding and conclusive, notwithstanding that the Company or any court of law or governmental agency subsequently makes a contrary determination.

- (mm) “Share” means a share of the Common Stock, as adjusted in accordance with Section 13 of the Plan.
- (nn) “Stock Appreciation Right” or “SAR” means an Award, granted alone or in connection with an Option, that pursuant to Section 9 of the Plan is designated as a Stock Appreciation Right.
- (oo) “Subsidiary” means a “subsidiary corporation,” whether now or hereafter existing, as defined in Section 424(f) of the Code.
- (pp) “Substitute Awards” means Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, in each case by a company acquired by the Company Group or with which a member of the Company Group combines.
- (qq) “Tax Obligations” means tax and social insurance liability obligations and requirements in connection with the Awards, including (i) all federal, state, and local taxes (including the Participant’s Federal Insurance Contributions Act (FICA) obligation) that are required to be withheld by the Company or the employing Affiliate, (ii) the Participant’s and, to the extent required by the Company or Affiliate, the Company’s or Affiliate’s fringe benefit tax liability, if any, associated with the grant, vesting, or exercise of an Award or sale of Shares, and (iii) any other Company (or Affiliate) taxes or social insurance liabilities the responsibility for which the Participant has, or has agreed to bear, with respect to such Award (or exercise thereof or issuance of Shares thereunder).
- (rr) “Trading Day” means a day on which the primary stock exchange or national market system (or other trading platform, as applicable) on which the Common Stock trades is open for trading.

3. Stock Subject to the Plan.

- (a) Stock Subject to the Plan. Subject to the provisions of Section 13 of the Plan regarding adjustments, the maximum aggregate number of Shares that may be issued under the Plan is 1,950,000 plus (i) any Shares that, as of the date stockholders initially approve the Plan (which was September 12, 2023 the “**Approval Date**”), have been reserved but not issued pursuant to any awards granted under the Prior Plan and are not subject to any awards granted thereunder, and (ii) any Shares subject to awards granted under the Prior Plan that, after the Approval Date (x) expire or otherwise terminate without having been vested or exercised in full, (y) are forfeited to or repurchased by the Company due to failure to vest, and (z) would have, but for the termination of the Prior Plan, again become available for future use under the terms of the Prior Plan (the “**Maximum Share Limit**”). Notwithstanding the foregoing, the maximum number of Shares to be added to the Plan pursuant to clauses (i) and (ii) of the prior sentence shall be equal to 297,896 Shares. The Shares may be authorized but unissued Common Stock, or Common Stock issued and then reacquired by the Company.

(b) Share Recycling.

(i) If an Option or SAR expires or becomes unexercisable without having been exercised in full or is surrendered pursuant to an Exchange Program, the unpurchased Shares subject to the Option or SAR will become available for future issuance under the Plan. Upon exercise of a SAR settled in Shares, the gross number of Shares covered by the portion of the Award so exercised, whether or not actually issued pursuant to such exercise will cease to be available under the Plan.

(ii) Shares that have actually been issued under the Plan under any Award will not be returned to the Plan and will not become available for future distribution under the Plan; provided, however, that unvested Shares issued pursuant to Awards that are reacquired by the Company or are forfeited to the Company due to failure to vest will become available for future issuance under the Plan.

(iii) Shares used to pay the exercise price or purchase price of an Award will not become available for future grant and/or sale under the Plan. Shares purchased in the open market with proceeds from Option exercises will not be available for future issuance under the Plan.

(iv) Shares used to satisfy the Tax Obligations related to an Award of Restricted Stock or Restricted Stock Units will not become available for future grant or sale under the Plan. Shares used to satisfy the Tax Obligations under an Option or SAR will not become available for future grant or sale under the Plan.

(v) If any portion of an Award is paid to a Participant in cash rather than Shares, such cash payment will not result in reducing the number of Shares available for issuance under the Plan.

(c) Incentive Stock Option Limit. Subject to adjustment as provided in Section 13 of the Plan, the maximum number of Shares that may be issued upon the exercise of Incentive Stock Options will equal the Maximum Share Limit.

(d) Substitute Awards. In connection with an entity's merger or consolidation with the Company or the Company's acquisition of an entity's property or stock, the Administrator may grant Awards in substitution for options or other stock or stock-based awards granted before such merger or consolidation by such entity or its affiliate. Substitute Awards may be granted on such terms as the Administrator deems appropriate, notwithstanding limitations on Awards in the Plan. Substitute Awards will not count against the Maximum Share Limit (nor will Shares subject to a Substitute Award be added to the Shares available for Awards under the Plan as provided above), except that Shares acquired by exercise of substitute Incentive Stock Options will count against the maximum number of Shares that may be issued pursuant to the exercise of Incentive Stock Options under the Plan. Additionally, in the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines has shares available under a pre-existing plan approved by stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other

adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for grant under the Plan (and Shares subject to such Awards shall not be added to the Shares available for Awards under the Plan as provided above); provided that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not Employees, Consultants or Directors prior to such acquisition or combination.

(e) Reservation of Shares; Fractional Shares. The Company shall at all times reserve a number of Shares sufficient to cover the Company's obligations and contingent obligations to deliver Shares with respect to Awards then outstanding under the Plan (exclusive of any obligations to the extent the Company has the right to settle such rights in cash). Unless the Administrator provides otherwise, no fractional Shares shall be issuable pursuant to the exercise or settlement of Awards under the Plan. The Administrator shall also have the authority to determine whether fractional Shares shall be rounded down or a cash payment shall be made in lieu of fractional Shares.

4. Administration of the Plan.

(a) Administrator. The Plan will be administered by the Board or a Committee consisting of two or more directors of the Company (the "Administrator"). The Board will retain the authority to concurrently administer the Plan with a Committee and may revoke the delegation of some or all authority previously delegated. In addition, to the extent required by the Board, the composition of a Committee responsible for administering the Plan will satisfy such requirements of the New York Stock Exchange or the Nasdaq Stock Market, as applicable, and as the Securities and Exchange Commission may establish for administrators acting under plans intended to qualify for exemption under Rule 16b-3 under the Exchange Act.

(b) Delegation. To the extent permitted by Applicable Laws, the Board or the Committee may also authorize one or more officers of the Company to designate Employees, other than officers under Section 16 of the Exchange Act, to receive Awards, and/or to determine the number of such Awards to be received by such persons; provided, however, that the Board or the Committee shall specify the total number of Awards that such officers may so award. This delegation may be revoked at any time by the Administrator.

(c) Powers of the Administrator. Subject to the provisions of the Plan, and in the case of a Committee, any limitations specified by the Board, and any requirements imposed by Applicable Laws, the Administrator will have the authority, in its sole discretion, to construe and interpret the terms of the Plan and make any determinations and perform any actions deemed necessary or advisable to administer the Plan, including:

- (i) to determine the Fair Market Value;

- (ii) to select the Service Providers to whom Awards may be granted hereunder;
- (iii) to determine the number of Shares to be covered by each Award granted hereunder;
- (iv) to approve forms of Award Agreements for use under the Plan;
- (v) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the method of payment for Shares purchased under any Award, the method for satisfaction of any Tax Obligation arising in connection with an Award, the time or times when Awards may be exercised or settled (which may be based on performance criteria), whether an Award will be settled in Shares, cash or a combination thereof, any vesting acceleration or waiver of forfeiture restrictions, and any restriction, limitation or requirement regarding any Award or the Shares relating to an Award (for example, any holding period or ownership requirement);
- (vi) to institute and determine the terms and conditions of any Exchange Program with the consent of the Company's stockholders;
- (vii) to establish, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying or facilitating compliance with applicable foreign laws, easing the administration of the Plan and/or for qualifying for favorable tax treatment under applicable foreign laws;
- (viii) to interpret, modify or amend each Award (subject to Section 19 of the Plan);
- (ix) to allow Participants to satisfy Tax Obligations in such manner as prescribed in Section 16 of the Plan;
- (x) to delegate ministerial duties to any of the Company's employees, and to authorize any person to take any steps and execute, on behalf of the Company, any documents required for an Award previously granted by the Administrator to be effective;
- (xi) to allow a Participant, in compliance with all Applicable Laws (including Section 409A), to defer the receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Participant under an Award;
- (xii) to impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by a Participant or other subsequent transfers by the Participant of any Shares issued as a result of or under an Award, including (A) restrictions under an insider trading policy, and (B) restrictions as to the use of a specified brokerage firm for such resales or other transfers;

(xiii) to temporarily suspend the exercisability of an Award if the Administrator deems such suspension to be necessary or appropriate for administrative purposes, including in connection with Section 15 of the Plan, provided that, unless prohibited by Applicable Laws, such suspension not in connection with a transaction described under Section 15 of the Plan shall be lifted not less than ten (10) Trading Days before the last date that the Award may be exercised;

(xiv) to correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award Agreement and to make all other determinations and take such other actions with respect to the Plan or any Award deemed necessary or advisable for administering the Plan.

(d) Effect of Administrator's Decision. The Administrator's decisions, determinations and interpretations will be final and binding on all Participants and any other holders of Awards and shall be given the maximum deference permitted by Applicable Law.

5. Eligibility and Award Limitations.

(a) Eligibility. Nonstatutory Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, and Performance Awards may be granted to Service Providers. Incentive Stock Options may be granted only to Employees of the Company or Parent or Subsidiary of the Company.

(b) Fiscal Year Limit on Outside Director Awards. Subject to adjustment as provided in Section 13 of the Plan, no Outside Director may be granted, in any Fiscal Year, Awards (the value of which will be based on their grant date fair value determined in accordance with generally accepted accounting principles) which, in the aggregate, exceed \$500,000, provided that such amount is increased to \$750,000 in the Fiscal Year of his or her initial service as an Outside Director. Any Awards or other compensation provided to an individual for his or her services as an Employee, or for his or her services as a Consultant other than as an Outside Director, will be excluded for purposes of applying the preceding limit.

6. Stock Options.

(a) Stock Option Award Agreement. Each Option will be evidenced by an Award Agreement that will specify the number of Shares subject to the Option, per share exercise price, its expiration date, and such other terms and conditions as the Administrator determines. Each Option will be designated in the Award Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. An Option not designated as an Incentive Stock Option is a Nonstatutory Stock Option.

(b) Term of Option. The term of each Option will be stated in the Award Agreement; provided, however, that the term will be no more than seven (7) years from the date of grant thereof. Moreover, in the case of an Incentive Stock Option granted to a Participant who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the

Incentive Stock Option will be five (5) years from the date of grant or such shorter term as may be provided in the Award Agreement.

(c) Option Exercise Price and Consideration.

(i) Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option will be determined by the Administrator, subject to the following:

(1) In the case of an Incentive Stock Option

(A) granted to an Employee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per share exercise price will be no less than one hundred ten percent (110%) of the Fair Market Value per Share on the date of grant.

(B) granted to any Employee other than an Employee described in paragraph (A) immediately above, the per share exercise price will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(2) In the case of a Nonstatutory Stock Option, the per Share exercise price will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(3) Notwithstanding the foregoing, Options may be granted with a per Share exercise price of less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant pursuant to a transaction described in, and in a manner consistent with, Section 424(a) of the Code.

(ii) Waiting Period and Exercise Dates. At the time an Option is granted, the Administrator will fix the period within which the Option may be exercised and will determine any conditions that must be satisfied before the Option may be exercised.

(iii) Form of Consideration. The Administrator will determine the acceptable form of consideration for exercising an Option, including the method of payment. In the case of an Incentive Stock Option, the Administrator will determine the acceptable form of consideration at the time of grant. Such consideration may consist entirely of: (1) cash; (2) check; (3) promissory note, to the extent permitted by Applicable Laws; (4) other Shares, provided that such Shares have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option will be exercised and provided that accepting such Shares will not result in any adverse accounting consequences to the Company, as the Administrator determines in its sole discretion; (5) consideration received by the Company under a cashless exercise program (whether through a broker, net exercise program or otherwise) implemented by the Company in connection with the Plan; (6) by reduction in the amount of any Company liability to the Participant; (7) by net exercise; (8) such other consideration and

method of payment for the issuance of Shares to the extent permitted by Applicable Laws; or (9) any combination of the foregoing methods of payment.

(d) Exercise of Option.

(i) Procedure for Exercise; Rights as a Stockholder. Any Option granted hereunder will be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Award Agreement. An Option may not be exercised for a fraction of a Share.

An Option will be deemed exercised when the Company receives: (i) a notice of exercise (in such form as the Administrator may specify from time to time) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised (together with applicable withholding taxes). Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Award Agreement and the Plan. Shares issued upon exercise of an Option will be issued in the name of the Participant or, if requested by the Participant, in the name of the Participant and his or her spouse. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends, Dividend Equivalents or any other rights as a stockholder will exist with respect to the Shares subject to an Option, notwithstanding the exercise of the Option. The Company will issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend, Dividend Equivalent or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 13 of the Plan.

Exercising an Option in any manner will decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(ii) Termination of Relationship as a Service Provider. If a Participant ceases to be a Service Provider, other than upon the Participant's termination as the result of the Participant's death or Disability, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for ninety (90) days following the Participant's termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will be forfeited and revert to the Plan. If after termination the Participant does not exercise his or her Option within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iii) Disability of Participant. If a Participant ceases to be a Service Provider as a result of the Participant's Disability, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent the Option is vested on the date of Disability (but in no event may the Option be exercised later than the expiration of the term of such

Option as set forth in the Award Agreement), and in the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve (12) months following the Participant's termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will be forfeited and revert to the Plan. If after termination the Participant does not exercise his or her Option within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iv) Death of Participant. If a Participant dies while a Service Provider, the Option may be exercised following the Participant's death within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of death (but in no event may the Option be exercised later than the expiration of the term of such Option as set forth in the Award Agreement), by the personal representative of the Participant's estate or by the person(s) to whom the Option is transferred pursuant to the Participant's will or in accordance with the laws of descent and distribution. In the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve (12) months following Participant's death. Unless otherwise provided by the Administrator, if at the time of death Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will be forfeited and revert to the Plan. If the Option is not so exercised within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(e) Tolling of Expiration. If exercising an Option prior to its expiration is not permitted because of Applicable Laws, other than the rules of any stock exchange or quotation system on which the Common Stock is listed or quoted, the Option will remain exercisable until thirty (30) days after the first date on which exercise no longer would be prevented by such provisions; provided, however, that this tolling of expiration shall not apply if and to the extent the holder of such Option is a United States taxpayer and the tolling would result in a violation of Section 409A such that the Option would be subject to additional tax or interest under Section 409A. If this would result in the Option remaining exercisable past its Expiration Date, then unless earlier terminated pursuant to Section 15 of the Plan relating to a merger or Change in Control, the Option will remain exercisable until the end of the later of (x) the first day on which its exercise would not be prevented by Section 20(a) of the Plan relating to legal compliance and (y) its expiration date.

(f) Incentive Stock Option Limitations. To the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds one hundred thousand dollars (\$100,000), such Options will be treated as Nonstatutory Stock Options. If for any reason an Option (or portion thereof) designated as an Incentive Stock Option shall not qualify as an Incentive Stock Option, then, to the extent of such nonqualification, such Option (or portion thereof) shall be regarded as a Nonstatutory Stock Option granted under the Plan. Incentive Stock Options will take into account in the order in which they were granted. The Fair Market Value of the Shares will be determined as of the time the Option with respect to such Shares is granted.

(g) No Reload Options. No Option granted under the Plan shall contain any provision entitling the Participant to the automatic grant of additional Options in connection with any exercise of the original Option.

7. Restricted Stock.

(a) Restricted Stock Award Agreement. Each Award of Restricted Stock will be evidenced by an Award Agreement that will specify the number of Shares subject to the Award of Restricted Stock and such other terms and conditions as the Administrator determines. For the avoidance of doubt, Restricted Stock may be granted without any vesting requirements (e.g., vested stock bonuses). Unless the Administrator determines otherwise, Shares of Restricted Stock will be held in escrow while subject to vesting.

(b) Transferability. Except as provided in this Section 7 or Section 11 of the Plan, or as may be provided in the Award Agreement, Shares of Restricted Stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable vesting period (if any).

(c) Escrow; Other Restrictions. Restricted Stock may be granted with or without any vesting requirements (e.g., vested stock bonuses). Unless the Administrator determines otherwise, Shares of Restricted Stock will be held in escrow while unvested. The Administrator, in its sole discretion, may impose prior to grant, such other restrictions on Shares of Restricted Stock as it may deem advisable or appropriate. Unless the Administrator determines otherwise, the Company as escrow agent will hold such Shares of Restricted Stock until the restrictions on such Shares, if any, have lapsed. Shares of Restricted Stock will be released from escrow as soon as practicable after the last day of the vesting period or at such other time as the Administrator may determine.

(d) Voting Rights. During the vesting period, Service Providers holding shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares, unless the Administrator determines otherwise.

(e) Dividends and Other Distributions. During the vesting period, Participants holding Shares of Restricted Stock will be entitled to receive all dividends and other distributions paid with respect to such Shares, unless the Administrator provides otherwise. Any such dividends or other distributions credited/payable in connection with Shares of Restricted Stock that are not yet vested will be subject to the same restrictions and risk of forfeiture as the underlying Award and will not be paid until the underlying Award vests. At the Administrator's discretion, the Restricted Stock Award Agreement may require that the holder of Restricted Stock invest any cash dividends received in additional Shares of Restricted Stock. Such additional Shares of Restricted Stock shall be subject to the same conditions as the Award with respect to which the dividend was paid. Shares of Restricted Stock may not receive Dividend Equivalents.

(f) Return of Restricted Stock to Company. On the date set forth in the Award Agreement, the Restricted Stock for which restrictions have not lapsed will revert to the Company and, subject to Section 3 of the Plan, again will become available for grant under the Plan.

8. Restricted Stock Units.

(a) Restricted Stock Unit Award Agreement. Each Award of Restricted Stock Units will be evidenced by an Award Agreement that will specify the number of Restricted Stock Units subject to the Award and such other terms and conditions as the Administrator determines.

(b) Vesting Criteria and Other Terms. The Administrator will set vesting criteria in its discretion, which, depending on the extent to which the criteria are met, will determine the number of Restricted Stock Units that will be paid out to the Participant.

(c) Form and Timing of Payment. Payment of vested Restricted Stock Units will be made as soon as practicable after the date(s) determined by the Administrator and set forth in the Award Agreement; provided, however, that the timing of payment shall in all cases comply with Section 409A to the extent applicable to the Award. The Administrator, in its sole discretion, may settle earned Restricted Stock Units in cash, Shares, or a combination of both.

(d) Voting Rights. Participants shall have no voting rights with respect to Shares represented by Restricted Stock Units until the date of the issuance of such Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company).

(e) Dividend Equivalent Rights. An Award of Restricted Stock Units may, at the Administrator's discretion, include a right to Dividend Equivalents. Such right, if awarded, entitles the Participant to be credited with an amount equal to all cash dividends paid on one Share while the Restricted Stock Unit is outstanding. Settlement of Dividend Equivalents may be made in the form of cash, in the form of Shares, or in a combination of both. Dividend Equivalents may also be converted into additional Restricted Stock Units at the Administrator's discretion. Dividend Equivalents shall not be distributed prior to settlement of the Restricted Stock Unit to which the Dividend Equivalents pertain. Prior to distribution, any Dividend Equivalent shall be subject to the same restrictions and risk of forfeiture conditions as the Restricted Stock Units to which they attach. The value of Dividend Equivalents payable or distributable with respect to any unvested Restricted Stock Units that do not vest will be forfeited. Any entitlement to Dividend Equivalents or similar entitlements will be established and administered either consistent with an exemption from, or in compliance with, the applicable requirements of Section 409A to the extent applicable to the Award. All such Dividend Equivalent payments will be made no later than March 15 of the calendar year following the calendar year in which the underlying dividends are paid, unless otherwise permitted, unless otherwise determined otherwise by the Administrator or unless such amounts are intended to comply with Section 409A of the Code.

(f) Cancellation. On the date set forth in the Award Agreement, all unearned Restricted Stock Units will be forfeited to the Company and, subject to Section 3 of the Plan, again will become available for grant under the Plan.

9. Stock Appreciation Rights.

(a) Stock Appreciation Right Award Agreement. Each Stock Appreciation Right grant will be evidenced by an Award Agreement that will specify the number of Shares subject to the Stock Appreciation Right, its per Share exercise price, its expiration date, and such other terms and conditions as the Administrator determines.

(b) Exercise Price and Other Terms. The per Share exercise price for the Shares to be issued pursuant to exercise of a Stock Appreciation Right will be determined by the Administrator and will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant. Notwithstanding the foregoing, Stock Appreciation Rights may be granted with a per Share exercise price of less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant pursuant to a transaction described in, and in a manner consistent with, Section 424(a) of the Code. Otherwise, the Administrator, subject to the provisions of the Plan, will have complete discretion to determine the terms and conditions of Stock Appreciation Rights granted under the Plan. Until Shares are issued in respect of a Stock Appreciation Right (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends, Dividend Equivalents or any other rights as a stockholder will exist with respect to the Shares subject to a Stock Appreciation Right.

(c) Expiration of Stock Appreciation Rights. A Stock Appreciation Right granted under the Plan will expire upon the date determined by the Administrator, in its sole discretion, and set forth in the Award Agreement. Notwithstanding the foregoing, the rules of Section 6(a) of the Plan relating to the maximum term and Sections 6(c) and 6(d) of the Plan relating to exercise also will apply to Stock Appreciation Rights.

(d) Payment of Stock Appreciation Right Amount. Upon exercise of a Stock Appreciation Right, a Participant will be entitled to receive payment from the Company in an amount determined by multiplying:

- (i) The difference between the Fair Market Value of a Share on the date of exercise over the exercise price; times
- (ii) The number of Shares with respect to which the Stock Appreciation Right is exercised.

At the discretion of the Administrator, the payment upon Stock Appreciation Right exercise may be in cash, in Shares of equivalent value, or in some combination thereof.

10. Performance Awards.

(a) Award Agreement. Each Performance Award will be evidenced by an Award Agreement that will specify the period during which any performance objectives or other vesting provisions will be measured (the “**Performance Period**”), and such other terms and conditions as the

Administrator determines. Each Performance Award's threshold, target, and maximum payout values (as applicable) will be established by the Administrator on or before the grant date of the Award.

(b) Performance Objectives and Other Terms. The Administrator will set performance objectives or other vesting provisions in its discretion which, depending on the extent to which they are met, will determine the number of Shares or value of the payout for the Performance Award. The Administrator may set vesting criteria based upon continued employment or service, the achievement of specific performance objectives (such as company-wide, departmental, divisional, business unit, or individual goals), applicable federal or state securities laws or any other basis determined by the Administrator in its discretion. Performance Awards that are Restricted Stock Units may contain Dividend Equivalent rights, subject to the provisions of Section 8(e) of the Plan.

(c) Earning Performance Awards. After the applicable Performance Period has ended, the holder of a Performance Award will be entitled to receive a payout of the number of Shares or cash, as applicable, earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance objectives or other vesting provisions have been achieved.

(d) Form and Timing of Payout. Payment of earned Performance Awards will be made at the time(s) specified in the Award Agreement. Payment with respect to earned Performance Awards will be made in cash, in Shares of equivalent value, or any combination of cash and Shares, with the determination of form of payment made by the Administrator at the time of grant (unless otherwise provided in the Award Agreement).

(e) Cancellation of Awards. On the date set forth in the Award Agreement, all unearned or unvested Shares subject to a Performance Award will be forfeited to the Company, and, subject to Section 3 of the Plan, again will be available for grant under the Plan.

11. Leaves of Absence/Transfer Between Locations. Unless the Administrator provides otherwise or as otherwise required by Applicable Law, vesting of Awards granted hereunder will be suspended during any unpaid leave of absence, such that vesting shall cease on the first day of any such unpaid leave of absence and shall only recommence upon return to active service. A Participant will not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company and any member of the Company Group. For purposes of Incentive Stock Options, no such leave may exceed three (3) months, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then six (6) months following the first (1st) day of such leave any Incentive Stock Option held by the Participant will cease to be treated as an Incentive Stock Option and will be treated for tax purposes as a Nonstatutory Stock Option.

12. Transferability of Awards. Unless determined otherwise by the Administrator, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the

Participant, only by the Participant (or the Participant's guardian or legal representative). If the Administrator makes an Award transferable, such Award will contain such additional terms and conditions as the Administrator deems appropriate.

13. Capitalization Adjustments. In the event that any dividend or other distribution (whether in the form of cash, shares, other securities, or other property, but excepting normal cash dividends), recapitalization, stock split, reverse stock split, reorganization, reincorporation, reclassification, merger, consolidation, split-up, split-off, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs, the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will adjust the number and class of shares of stock that may be delivered under the Plan and/or the number, class, and price of shares of stock covered by each outstanding Award, the numerical Share limits in Section 3 of the Plan and the per person numerical Share limits in Section 5 of the Plan. Adjustments to Awards and the grant of new Awards (including, but not limited to, substitute Awards) under this Section 13 will not count against the per person numerical Share or dollar limits in Section 5 of the Plan. Any fractional share resulting from an adjustment pursuant to this Section 13 shall be rounded down to the nearest whole number, and in no event may the exercise or purchase price under any Award be decreased to an amount less than the par value, if any, of the stock subject to such Award.

14. Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator will notify each Participant as soon as practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised (with respect to an Option or SAR) or vested (with respect to an Award other than an Option or SAR), an Award will terminate immediately prior to the consummation of such proposed action.

15. Merger or Change in Control.

(a) General. In the event of a merger of the Company with or into another corporation or other entity or a Change in Control (a "Transaction"), each outstanding Award will be treated as the Administrator determines (subject to the provisions of this Section) without a Participant's consent, including that each Award be assumed or an equivalent option or right substituted by the successor corporation or a Parent or Subsidiary of the successor corporation (or an Affiliate thereof). The Administrator will not be required to treat all Awards or portions thereof similarly in the Transaction.

(b) Continuation or Assumption. An Award will be considered assumed if, following the Transaction, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, or other securities or property) received in the Transaction by holders of Common Stock for each Share held on the effective date of the Transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the transaction is not solely common stock of the successor corporation or its parent, the Administrator may, with the consent of the successor corporation, provide for the

consideration to be received upon the exercise of an Option or Stock Appreciation Right or upon the payout of a Restricted Stock Unit or Performance Award, for each Share subject to such Award, to be solely common stock of the successor corporation or its parent equal in fair market value to the per share consideration received by holders of Common Stock in the Transaction. An Award that vests, is earned or paid-out upon the satisfaction of one or more performance goals will not be considered assumed if the Company or its successor modifies any of such performance goals without the Participant's consent; provided, however, a modification to such performance goals only to reflect the successor corporation's post-Transaction corporate structure will not be deemed to invalidate an otherwise valid Award assumption.

(c) Non-Continuation. In the event that the successor corporation does not assume or substitute for the Award, the Participant will fully vest in (and have the right to exercise) all of his or her outstanding Options and Stock Appreciation Rights, including Shares as to which such Awards would not otherwise be vested or exercisable, all restrictions on Restricted Stock and Restricted Stock Units will lapse, and, with respect to Awards with performance-based vesting, all performance goals or other vesting criteria will be deemed achieved at one hundred percent (100%) of target levels and all other terms and conditions met. In addition, if an Option or Stock Appreciation Right is not assumed or substituted in the event of a Change in Control, the Administrator will notify the Participant in writing or electronically that the Option or Stock Appreciation Right will be exercisable for a period of time determined by the Administrator in its sole discretion, and the Option or Stock Appreciation Right will terminate upon the expiration of such period.

(d) Outside Director Awards. With respect to Awards granted to an Outside Director that are assumed or substituted for, if on the date of or following such assumption or substitution the Participant's status as a Director or a director of the successor corporation, as applicable, is terminated other than upon a voluntary resignation by the Participant (unless such resignation is at the request of the acquirer), then the Participant will fully vest in and have the right to exercise Options and/or Stock Appreciation Rights as to all of the Shares underlying such Award, including those Shares which would not otherwise be vested or exercisable, all restrictions on Restricted Stock and Restricted Stock Units will lapse, and, with respect to Performance Awards, all performance goals or other vesting criteria will be deemed achieved at one hundred percent (100%) of target levels and all other terms and conditions met.

16. Tax Matters.

(a) Withholding Requirements. Prior to the delivery of any Shares or cash pursuant to an Award (or exercise thereof) or such earlier time as any Tax Obligations are due, the Company will have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy all Tax Obligations.

(b) Withholding Arrangements. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may designate the method or methods by which a Participant may satisfy such Tax Obligations. As determined by the Administrator in its discretion from time to time, these methods may include one or more of the following: (i) paying cash,

check, or other cash equivalents; (ii) having the Company withhold otherwise deliverable cash (including cash from the sale of Shares issued to the Participant) or Shares having a Fair Market Value equal to the amount required to be withheld or such greater amount (including up to a maximum statutory amount) as the Administrator may determine or permit if such amount does not result in unfavorable financial accounting treatment, as the Administrator determines in its sole discretion; (iii) forcing the sale of Shares issued pursuant to an Award (or exercise thereof) having a Fair Market Value equal to the minimum statutory amount applicable in a Participant's jurisdiction or a greater amount as the Administrator may determine or permit if such greater amount would not result in unfavorable financial accounting treatment, as the Administrator determines in its sole discretion; (iv) requiring the Participant to deliver to the Company already-owned Shares having a Fair Market Value equal to the minimum statutory amount required to be withheld or a greater amount as the Administrator may determine or permit if such greater amount would not result in unfavorable financial accounting treatment, as the Administrator determines in its sole discretion; (v) requiring the Participant to engage in a cashless exercise transaction (whether through a broker or otherwise) implemented by the Company in connection with the Plan; (vi) having the Company or a member of the Company Group withhold from wages or any other cash amount due or to become due to the Participant and payable by the Company or any member of the Company Group; or (vii) such other consideration and method of payment to meet Tax Obligations as the Administrator may determine to the extent permitted by Applicable Laws. In all instances, the satisfaction of the Tax Obligations will not result in any adverse accounting consequence to the Company, as the Administrator may determine in its sole discretion. The Fair Market Value of the Shares to be withheld or delivered will be determined as of the date the amount of tax to be withheld is calculated or such other date as the Administrator determines is applicable or appropriate with respect to the Tax Obligation calculation, and will be rounded up to the nearest whole Share, with no refund provided in the U.S. for any value of the Shares withheld in excess of the Tax Obligations as a result of such rounding.

(c) Compliance With Section 409A. Unless the Administrator determines that compliance with Section 409A is not necessary, it is intended that Awards will be designed and operated so that they are either exempt or excepted from the application of Section 409A or comply with any requirements necessary to avoid the imposition of additional tax under Section 409A(a)(1)(B) so that the grant, payment, settlement, or deferral will not be subject to the additional tax or interest applicable under Section 409A and the Plan and each Award Agreement will be interpreted consistent with this intent. This Section is not a guarantee to any Participant of the consequences of his or her Awards. In no event will the Company have any responsibility, liability or obligation to reimburse, indemnify, or hold harmless Participant for any taxes that may be imposed or other costs that may be incurred, as a result of Section 409A.

17. Other Plan Terms.

(a) Electronic Delivery. The Company may deliver by e-mail or other electronic means (including posting on a website maintained by the Company or by a third party under contract with the Company or another member of the Company Group) all documents relating to the Plan or any Award and all other documents that the Company is required to deliver to its security holders (including prospectuses, annual reports, and proxy statements).

(b) No Effect on Employment or Service. Neither the Plan nor any Award will confer upon a Participant any right with respect to continuing the Participant's relationship as a Service Provider with the Company, nor will they interfere in any way with the Participant's right or the Company's right to terminate such relationship at any time, with or without cause, to the extent permitted by Applicable Laws.

(c) Date of Grant. The date of grant of an Award will be, for all purposes, the date on which the Administrator makes the determination granting such Award, or such other later date as is determined by the Administrator. Notice of the determination will be provided to each Participant within a reasonable time after the date of such grant.

(d) Interpretation and Construction. Captions and titles contained in the Plan are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise. The words "include," "includes," and "including" when used in the Plan shall be deemed in each case to be followed by the words "without limitation."

(e) Severability. If any one or more of the provisions (or any part thereof) of this Plan shall be held invalid, illegal or unenforceable in any respect, such provision shall be modified so as to make it valid, legal and enforceable, and the validity, legality and enforceability of the remaining provisions (or any part thereof) of the Plan shall not in any way be affected or impaired thereby.

18. Term of the Plan. Unless earlier terminated by the Board, the Plan will become effective July 25, 2023 (the "Effective Date"), subject to stockholder approval as provided in Section 22 of the Plan, and will remain in effect until the tenth anniversary of the Effective Date unless terminated earlier under Section 19 of the Plan.

19. Amendment and Termination.

(a) Amendment and Termination of the Plan. The Administrator may at any time amend, alter, suspend or terminate the Plan.

(b) Stockholder Approval. The Company will obtain stockholder approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws.

(c) Consent of Participants Generally Required. Subject to subsection (d) below, no amendment, alteration, suspension or termination of the Plan or an Award under it will materially impair the rights of any Participant, unless mutually agreed between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company. Termination of the Plan will not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination.

(d) Exceptions to Consent Requirement. A Participant's rights will not be deemed to have been impaired by any amendment, alteration, suspension, or termination if the Administrator, in its sole discretion, determines that the amendment, alteration, suspension, or termination taken as a whole does not materially impair the Participant's rights. Subject to any limitations of Applicable Laws, the Administrator may amend the terms of any one or more Awards without the affected Participant's consent even if it does materially impair the Participant's rights if such amendment is done (i) in a manner specified by the Plan, (ii) to maintain the qualified status of the Award as an Incentive Stock Option under Section 422 of the Code, (iii) to change the terms of an Incentive Stock Option, if such change results in impairment of the Award only because it impairs the qualified status of the Award as an Incentive Stock Option under Section 422 of the Code, (iv) to clarify the manner of exemption from Section 409A or compliance with any requirements necessary to avoid the imposition of additional tax or interest under Section 409A(a)(1)(B), or (v) to comply with other Applicable Laws.

20. Conditions Upon Issuance of Shares.

(a) Legal Compliance. The Company will make good faith efforts to comply with all Applicable Laws related to the issuance of Shares. Shares will not be issued pursuant to an Award, including upon exercise or vesting, as applicable, unless the issuance and delivery of such Shares and exercise or vesting of the Award, as applicable, will comply with Applicable Laws. If required by the Administrator, issuance will be further subject to the approval of counsel for the Company with respect to such compliance. If the Company determines it to be impossible or impractical to obtain authority from any regulatory body having jurisdiction or to complete or comply with the requirements of any Applicable Laws, registration or other qualification of the Shares under any state, federal or foreign law or under the rules and regulations of the Securities and Exchange Commission, the stock exchange on which Shares of the same class are then listed, or any other governmental or regulatory body, which authority, registration, qualification or rule compliance is deemed by the Company's counsel to be necessary or advisable for the issuance and sale of any Shares hereunder, the Company will be relieved of any liability regarding the failure to issue or sell such Shares as to which such authority, registration, qualification or rule compliance was not obtained and the Administrator reserves the authority, without the consent of a Participant, to terminate or cancel Awards with or without consideration in such a situation.

(b) Investment Representations. As a condition to the exercise of an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

21. Forfeiture Events.

(a) All Awards (including, without limitation, any proceeds, gains or other economic benefit actually or constructively received by Participant upon any receipt or exercise of any Award or upon the receipt or resale of any Shares underlying the Award) will be subject to any provisions of Applicable Laws providing for the recoupment or clawback of incentive compensation; the terms of any

Company recoupment, clawback or similar policy in effect at the time of grant of the Award, and any recoupment, clawback or similar provisions that may be included in the applicable Award Agreement.

(b) Unless this Section is specifically mentioned and waived in an Award Agreement or other document, no reduction, forfeiture, or recoupment of compensation under a Company clawback policy or otherwise will be an event that triggers or contributes to any right of a Participant to resign for “good reason” or “constructive termination” (or similar term) under any agreement with the Company or a member of the Company Group.

22. Stockholder Approval. The Plan will be subject to approval by the stockholders of the Company within twelve (12) months after the date the Plan is adopted by the Board. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws.

**AMENDMENT NO. 2
TO
QUANTUM CORPORATION
2021 INDUCEMENT PLAN**

RECITALS

A. On February 1, 2021 the board of directors (the Board) of Quantum Corporation, a Delaware corporation (the Company) adopted the Quantum Corporation 2021 Inducement Plan (the Plan).

B. On December 30, 2022, the Leadership and Compensation Committee of the Board (the Committee) approved an amendment to the Plan to increase the number of shares of Common Stock of the Company authorized for issuance thereunder to 1,500,000 shares, pursuant to its authority under the Leadership and Compensation Committee Charter and Section 18(a) of the Plan.

C. On January 7, 2026 (the Effective Date), the Committee approved an amendment to the Plan to increase the number of shares of Common Stock of the Company authorized for issuance thereunder to 200,000 shares (reflective of the adjustment of the 1-share-for-20-shares reverse stock split executed in 2024), pursuant to its authority under the Leadership and Compensation Committee Charter and Section 18(a) of the Plan.

AMENDMENT

1. Section 3(a) of the Plan is hereby amended and restated as follows:

“Stock Subject to the Plan. Subject to the provisions of Section 13 of the Plan, the maximum aggregate number of Shares that may be issued under the Plan shall equal 200,000 Shares. The Shares may be authorized, but unissued, or reacquired Common Stock.”

2. Except as set forth in this amendment, the Plan shall be unaffected hereby and shall remain in full force and effect.

IN WITNESS WHEREOF, the Company has executed this Amendment No. 2 to the Quantum Corporation 2021 Inducement Plan on January 8, 2026.

QUANTUM CORPORATION

By: /s/ Tara Ilges
 Tara Ilges
 Vice President, Corporate Affairs and
 Corporate Secretary

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

I, Hughes Meyrath, certify that:

- 1) I have reviewed this Quarterly Report on Form 10-Q of Quantum Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date February 17, 2026

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

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

I, William H. White, certify that:

- 1) I have reviewed this Quarterly Report on Form 10-Q of Quantum Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date February 17, 2026

/s/ William H. White

William H. White
Chief Financial Officer
(Principal Financial Officer)

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

I, Hugues Meyrath, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Quantum Corporation, on Form 10-Q for the quarterly period ended December 31, 2025, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Quantum Corporation.

Date February 17, 2026

/s/ Hugues Meyrath

Hugues Meyrath

President and Chief Executive Officer
(Principal Executive Officer)

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

I, William H. White, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Quantum Corporation, on Form 10-Q for the quarterly period ended December 31, 2025, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Quantum Corporation.

Date February 17, 2026

/s/ William H. White

William H. White
Chief Financial Officer
(Principal Financial Officer)